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FRYDENLUND BRIEFS ENVOYS ON NUCLEAR-FREE ZONE DEBATE

LD291313 Oslo AFTENPOSTEN in Norwegian 27 Jan 81 p 9

[Report by Morten Fyhn: "Ambassadors See Frydenlund"]

[Text] Foreign Minister Knut Frydenlund yesterday summoned the U.S., British, West German and French ambassadors in Oslo to his office to brief them on what is really happening in Norway in connection with the debate on nuclear-free zones. But the intention was also to reassure our most important Western allies and to prevent the spread of the impression that Norway is planning a reorganization within its security policy.

"A number of questions have been raised in our allies' capitals about the debate, and we have now given an account of it both in NATO's Permanent Council and to the ambassadors in Oslo," Frydenlund told AFTENPOSTEN.

"We have described the government's view of a nuclear-free zone in the Nordic countries and of the people's growing fears of nuclear rearmament. We have also stressed the necessity of the United States and the Soviet Union reaching agreement on a treaty to regulate the nuclear arms situation in Europe, and finally we have stressed that any possible solution or proposal for nuclear-free zones as a result of the Norwegian debate must not conflict with our alliance commitments, and that our allies will be consulted."

[Question] Do you understand the need our allies obviously feel to be briefed on the Norwegian view of nuclear-free zones, or do you see it as interference?

[Answer] It is obvious there are questions to which they want answers. But the problem is that this is a party matter connected with the discussions in the party of the new manifesto, and it is a debate which will have to follow its course.

CSO: 3108

PAPER BACKS ALLIES' CONCERN OVER NUCLEAR-FREE ZONE DEMARCHE

LD291631 Oslo AFTENPOSTEN in Norwegian 26 Jan 81 p 2

[Editorial: "Reason for Concern"]

[Text] All Norway's most important allies--the United States, Britain and West Germany--have now reacted to the unilateral Norwegian demarche on a nuclear-free zone in the "Nordic area" and have requested the government to provide clarification. It is a request which we not only find reasonable, but which we in Norway can also support. The Labor Party's one-day conference last Thursday [22 January] revealed great discrepancies in the interpretation of the zone proposal between the party's leading spokesmen. Will the zone in time be tied to larger European nuclear-free zones, which some people think will be set up, or will the Nordic zone come first? Do we intend to include Soviet areas and Soviet arms--which are the only arms of this type in the "Nordic area"--or will we be "realistic" and only place limitations on the Nordic countries, which today are without nuclear arms? These are the still unanswered key questions.

Over the weekend leading Norwegian spokesmen gave the impression on television that U.S. inquiries amount to interference in internal Norwegian affairs and that the result could be growing Norwegian displeasure with the United States. This turns matters inside out in a frightening way. The defense of the northern flank is not an "internal" Norwegian affair, and for more than 30 years it has been official Norwegian policy to make the defense of our country an inextricable part of joint Western defenses. Will this policy now be revised, under pressure from strong neutralist currents within the Labor Party?

We have ourselves recently asked the United States to make contingency stockpiles of military materiel in Norway, precisely to strengthen our ties with the alliance. But at the very moment when the United States agrees to this, we ourselves make a zone demarche which could more than erase the political benefit of contingency stockpiling. The Norwegian politicians who perhaps believe that today's United States is prepared to pay for such somersaults in domestic politics in dollars and cents are out of touch with foreign policy realities--and they are jeopardizing fundamental Norwegian interests.

No one in the government or the Labor Party is today prepared to establish totally unambiguous political, geographical and military conditions for agreement to such a Nordic nuclear-free zone. The leaders are being driven from position to position and are on their way toward the idea of establishing an isolated nuclear-free

zone first. The claim that the confusion is due to a desire for "negotiating flexibility" does not stand up to the most superficial analysis, since it means that we deprive ourselves in advance of all our cards in possible negotiations with the Soviet Union. The reality is that the dominant circles in the Labor Party have abandoned every thought of involving the Russians in zone discussions. We are left, like the British Labor Party, with unilateral measures, a policy of self-abandonment which is also a betrayal of our allies--we are undermining the West's chances of a joint, politically relevant detente offensive, which would insure political balance based on smaller forces in our part of the world. If any country breaks away and goes to meet the Russians alone, the current Western work on a joint approach is seriously weakened. It is a deeply immoral policy which only serves our own self-satisfaction.

In such a situation it is depressing that Foreign Affairs Committee Chairman Gro Harlem Brundtland, Trade Minister and party chairman Reiulf Steen and the prime minister himself are among those who keep the uncertainty alive--through what they say and what they omit to say. We are even told by Under Secretary Per Vassbotn that Prime Minister Odvar Nordli has not been informed of the developments in the matter, which have been presented in press reports from Washington. Has the embassy or the Foreign Ministry neglected to pass on U.S. signals; is there anyone at all giving leadership, possessing the necessary total view or exerting political control in these questions--which are damaging Norway's national interests?

CSO: 3108

CONSERVATIVE ORGAN CITES NORDLI ON NORDIC NUCLEAR-FREE ZONE

LD291253 Oslo AFTENPOSTEN in Norwegian 27 Jan 81 p 9

[Report by Terje Svaboe: "Broad European Nuclear Solution"]

[Excerpt] The government position on the question of a nuclear-free zone in the Nordic countries has always been--and continues to be--that it is in a broader European context that work toward a nuclear-free zone would be successful. Prime Minister Odvar Nordli made this clarification at a conference yesterday. The Conservative Party's parliamentary leader, Kaare Willoch, claimed that the phrase "broader European context" is unclear, and stressed that it is of fundamental importance that the NATO nations negotiate as one on these questions.

In his speech to the Oslo Labor Party conference on trade union policy Nordli also said that a nuclear-free zone in the Nordic countries must form part of a broader arrangement regulating such arms in a larger European area, where such weapons are to be found today. He stated that work for nuclear-free arms [as published] will not lead to any change in Norway's main security policy direction and alliance commitments.

"The government shares the deep concern over the developments in the field of nuclear arms. It therefore attaches great importance to the talks begun between the United States and the Soviet Union on the nuclear arms in Europe. The question of a nuclear-free zone in the Nordic countries would be able to be resolved in connection with these negotiations. Norway is taking an active part in the allied consultations on these negotiations which take place in a forum within NATO which Norway helped to set up.

"The mass media have reported that some of our allies have raised questions about the debate which is now taking place in Norway. This is only natural within an alliance," Nordli said.

"I see that conservative parliamentary leader Kaare Willoch has asked why the government has not consulted the opposition on this question. The answer is that there has never been any reason to, because the government's position on nuclear-free zones is still the same as it was before. It is only the need to do something about this which is becoming increasingly urgent," the prime minister said.

CSO: 3108

OFFICER DESCRIBES 'FRIGHTENINGLY BAD' AIR DEFENSES

LD291625 Oslo AFTENPOSTEN in Norwegian 27 Jan 81 p 60

[Norsk Telegram Byraa report: "Norway's Air Defenses Frighteningly Bad"]

[Excerpt] "Norway's air defense situation is frighteningly bad, in many ways worse than at any time since the war, taking into consideration the vastly increased efficiency of attacking aircraft," Air Defense Inspector Colonel Inge Tvedten said in an address to Oslo Military Society on Monday evening [26 January].

"In the years after the war we built up a well-organized and effective air defense system both for our cities and our airfields. However, since 1960 the willingness and interest in investing in this branch of the defense forces has been small amongst the political and military authorities who make the decisions. We now no longer have any form of air defenses for a number of our important cities, ports and other sites, where in the past we had reasonably strong air defense forces," Colonel Tvedten said.

"Provided that the U.S. Roland II missile and modern antiaircraft artillery begin to be introduced in 1984, the air defense situation will improve considerably for some of the more important airfields, but it will grow worse for the other airfields as our L60 antiaircraft artillery, which is now 50 years old, goes out of service.

"Unfortunately I am afraid that it would be unrealistic to hope for any improvement in the air defense situation for other important defense objects such as our cities," the air defense inspector said.

CSO: 3108

ICELAND SEEKING TO IMPORT NORWEGIAN NORTH SEA OIL

LD291613 Oslo AFTENPOSTEN in Norwegian 26 Jan 81 p 23

[Bjoern HM Tretvoll report: "Iceland Wants Oil Supplies From North Sea"]

[Text] Iceland would like to cover a large part of its future oil requirements from Norway. "We will be making concrete request not so long after the matter has been discussed by the Icelandic Government," Icelandic Industry Minister Hjoerleifur Guttormsson told AFTENPOSTEN. Guttormsson, who concluded a 5-day official visit to Norway at the weekend, also discussed the prospects for cooperation in the expansion of energy-intensive industry in Iceland with Norwegian authorities and companies.

"We are now in the process of drawing up guidelines for the future exploitation of our energy resources and industrial expansion connected with this. A major principle will be that such industry must be Icelandic. We want to stand on our own feet and guide developments ourselves," Guttormsson stressed. He has invited his Norwegian counterpart Lars Skytoeen to visit Iceland.

During his stay in Norway Guttormsson met representatives of Elkem, Aardal, Sunndal Verk and Norsk Hydro to discuss the possibility of cooperation on the basis of the expansion plans that Iceland already has. The expansion of energy-intensive industry in Iceland will require research, technical and marketing assistance. "But we must evaluate each project individually and see whether it is in our joint interests," Guttormsson said. Elkem has a 45-percent interest in a ferroalloy plant in Iceland.

During his visit to Stavanger Guttormsson discussed the possibilities of assistance from Statoil in the work involved in charting the resources on the Icelandic continental shelf. It has been suggested that the first phase of investigation would be to undertake seismic exploration of parts of the continental shelf northeast of Iceland in the direction of Jan Mayen Island. But Guttormsson warned against too great expectations that oil would be found in these waters.

Despite considerable energy resources in the form of water power and geothermal power, Iceland must nevertheless cover 50 percent of its energy requirements with imported oil. Up to this year all of this has been bought from the Soviet Union, but Iceland has now signed a treaty with the British National Oil Corporation for the supply of 100,000 tons per year.

"In the coming year we are also interested in obtaining a proportion of our requirements, of around 600,000 tons per year from Norway, through long-term supply agreements," Guttormsson said, adding that he had received extremely positive responses to his wishes during his talks with Statoil's managing director Arve Johnsen. The oil would have to be refined, because Iceland does not have its own refinery.

Only around 10 percent of the country's exploitable water power has been developed, but progress will be cautious, with further development plans. Industry policy will aim at achieving an all-round, varied industry. "We are looking at several possibilities, but I do not think it wise to invest too one-sidedly in one product, such as aluminum, as some people have proposed," Guttormsson said.

The Icelandic industry minister also visited several companies in the Aalesund area, including shipyards and manufacturers of ships' equipment. The Icelandic fishing fleet has been a good customer for Norwegian shipyards for many years.

CSO: 3108

BRIEFS

GAS, OIL PRODUCTION--The Upper Austrian RAG Company, in which Shell Austria and Mobil Oil Austria each hold a 50 percent share, is producing less natural gas but slightly more oil than in previous years. According to RAG director general Schachinger, the company's natural gas production declined from 873 million cubic meters in 1977 to 840 million cubic meters in 1978, 787 million cubic meters in 1979 and 704 million cubic meters in 1980. For this year, only 550 million cubic meters are estimated, which would be 28 percent less than last year. Newly discovered oil wells in Hiltzing (southeast of Lambach), Steinhaus (north of Wels) and in Lenzing permitted an increase in oil production from 301,000 tons in 1979 to 304,000 tons last year, despite a lower output of the older wells. [AU251616 Vienna WIENER ZEITUNG in German 23 Jan 81 p 7 AU]

HIGHER USSR GAS DELIVERIES--Moscow/Vienna--This year the Soviet Union will export to Austria 2.5 billion cubic meters of natural gas as contractually stipulated, and in the second quarter will begin supplementary shipments to make up for delivery cuts in the first quarter of 1981. This assurance was given to a delegation of experts of the Austrian Oil Administration that is currently in Moscow for talks on implementing the gas deliveries. As DIE PRESSE has reported in detail, the Soviets have cut their natural gas shipments by one-third in the first quarter of this year, on account of "technical problems." The FRG, France and Italy were also affected by this cut. So far, it is not certain whether there will again be any additional Soviet gas deliveries to Austria this year over and above the 2.5 billion cubic meters that are contractually stipulated. In the past--except last year--the USSR has always supplied an extra 500-800 million cubic meters annually during the summer months. According to information received from Moscow, the negotiations on a new, fourth gas delivery treaty with Austria and the other interested West European countries are to be resumed before the end of this month. Reportedly Moscow is ready to supply under certain conditions even more than the originally envisaged quantity of 40 billion cubic meters annually. [Excerpt] [AU141250 Vienna DIE PRESSE in German 14 Jan 81 p 1]

NIELS BOHR: USE WARM WATER FROM POWER PLANTS

Copenhagen BERLINGSKE TIDENDE in Danish 27 Dec 80 p 2

[Article by Johannes Bundgaard: "Billions Lost Annually in Wrong Energy Policy"]

[Text] Warm water from electric power plants and electric power from nuclear power plants are the cheapest heating systems Danish society can choose when in the "poor eighties" it obtains new heating systems for almost one-half of all housing units. This is shown by comparative calculations of annual social costs of heating a single family residence, carried out by Professor Bent Elbek of the Niels Bohr Institute, who also points out that a wrong selection can cost society billions each year in the future.

About 1.2 million of the country's total of 2.3 million housing units are in the next 5 years to be converted from--in most cases--oil to another form of heating. With the considerable differences that have now been found to exist among the expenses for various forms of heating a wrong choice can have serious economic consequences.

Professor Bent Elbek's calculations include first of all the links which contribute to the total price of heating. By excluding taxes, subsidies, and price equalizations, he arrives at society's total costs.

The main links in the calculations are total costs of fuel, plants, distribution networks, installation in housing units, etc. All links include investments, capital expenditures, operation expenses, and fuel costs. Professor Elbek's figures for his great calculation were obtained from public studies, reports, registered prices, etc. all in 1980 prices.

Social Expenditures for a "Standard Residence"

On this basis total social expenditures are calculated for a standard housing unit corresponding to an average tract house. Included is a heat need of 100 gigajoule annually, or 24 gigajoule annually, or 28,000 kilowatt hours annually, or 3,800 liters of oil per year in a furnace of 75 percent efficiency.

The annual social expenditure for heating a "standard residence" by means of various fuels, and different, but new, power plants is according to the calculations as follows:

Coal-fired thermoelectric heat 6,291 kroner. Nuclear power 7,489 kroner. Decentralized, coal-fired thermoelectric power plants 7,761 kroner. Natural gas 8,163 kroner. Central heating plants, oil fired, 9,075 kroner. Coal-fired heating plants 9,260 kroner. Small coal-fired central heating plants 9,450 kroner; oil-fired 10,209 kroner. Natural gas-fired central heating plant 12,106 kroner. Decentralized--scattered locations--natural gas-fired heating plants 14,468 kroner.

The calculations include wind power as well, which is twice as expensive as oil firing; biogas, almost three times as expensive as oil firing, and solar power, almost four times as expensive as oil firing.

The calculations show that warm water from power plants is the least expensive; that natural gas is more expensive than most other forms of energy, except oil; that great economic advantage results from use of existing installations; that electric heat from nuclear power plants is cheaper than oil firing and a little cheaper than natural gas; that decentralized heating plants are advantageous if coal is used, but uneconomical if natural gas is used; and that except for straw-burning renewable sources for energy are particularly uneconomical.

"In the calculations I have sought to produce a model of how, in advance of a very great transformation of our energy consumption, we can best spend the money," says Professor Bent Elbek to BERLINGSKE TIDENDE. "Here it should be noted that there are advantages in utilizing existing installation in the best way possible, as, for example, heat from power plants."

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CSO: 3106

BRIEFS

NEW EMBASSIES--In the near future Austria plans to open three new embassies. According to a Foreign Ministry source, Austria's relations with the Philippines, Jordan and Zimbabwe have become so close as to justify the establishment of embassies in Manila, Amman and Salisbury. A diplomatic mission in Manila headed by embassy counselor Herbert Kroell as charge d'affaires was set up on 3 December 1980, but it has not yet been decided who will be the new ambassador or when he will take office. The embassy in Amman will be set up in the next few months, and that in Salisbury is to be opened early this summer. The Austrian Chamber of Commerce has already transferred its trade delegate from Lusaka to Salisbury. [AU281954 Vienna DIE PRESSE in German 27 Jan 81 p 2 AU]

TRADE WITH BULGARIA--Austria's trade with Bulgaria has developed far more favorably than trade with all other East European countries. In the first 11 months of 1980, Austria exports to Bulgaria went up nearly 28 percent to 1.32 billion schillings, as against much smaller or zero growth rates in trade with the other East European partners. The substantial export increase was mainly due to increases in iron and steel, chemical products, paper products and machinery and vehicle exports to Bulgaria. Upon Bulgaria's request, Austria has recently granted this country a 2 billion schillings loan for investments serving to improve the infrastructure of Bulgaria's tourist trade. Within the framework of this credit ceiling, the purchase by Bulgaria of turnkey hotels and motels and of tourist equipment such as cablecars, ski lifts, air conditioning systems and possibly excursion boats are to be financed. [Vienna WIENER ZEITUNG in German 27 Jan 81 p 7 AU]

IMPORT RESTRICTIONS--The Austrian Trade Ministry will decree, effective 15 February, a restriction of videorecorder imports from Japan, to a quota of 8,500 units for the next 12 months. Austrian imports of such Japanese recorders in 1980 are estimated at 19,000 units. The measure was taken at the request of the only Austrian videorecorder producer, the Austrian Philips Corporation. Although the Austrian Trade Ministry believes that its measure is in compliance with the GATT regulations, Japan is expected to protest it, considering that this is the first step of that nature taken by a European industrialized country, and thus of fundamental importance for Tokyo. [Vienna DIE PRESSE in German 28 Jan 81 p 7 AU]

NEO-NAZI ASSASSINATION THREAT--Austrian state security police are currently investigating threatening letters received by various Austrian authorities including the federal government. In the letters, a so-called "Rudolf Hess restitution demands" demands payment of a total of 105 million schillings to the rightist committees representing the interests of war criminals Rudolf Hess and Walter Reder, threatening otherwise to "execute notorious representatives of Jewry." A similar threat has been sent to the FRG Government. [AU291006 Vienna VOLKSSTIMME in German 29 Jan 81 p 1 AU]

CNO: 3103

EYKENS INTERVIEWED ON FINANCIAL CRISIS, SOLUTIONS

Brussels KNACK in Dutch 10 Dec 80 pp 26-30

[Interview with Minister of Finance Mark Eyskens by Frans Verleyen and Johan Struyel "Who Murdered Keynes?"; date and place of interview not given; passages enclosed in slantlines, printed in italics]

[Text] As a 12-year-old boy, Mark Eyskens played under the gold-leaf ceilings of the 18th century Hotel des Finances, of which, 2 months ago, as a 47-year-old minister, he finally took possession himself. That was in 1945. The country's current minister of finance in the Martens IV administration still remembers how his father, who held the job at that time, used to be picked up in the morning in Louvain in an enormously big steam car. While Gaston Eyskens gathered the day's papers, the driver shoved wood logs in the kind of stove on the black car. Surrounded by dense smoke and soot, this ministerial carriage then roared over the road and the cobblestones of Kortenbergh to the capital. At number 12, Wetstraat, Regierungspräsident Reeder's Germans had overturned inkpots on Charles of Lorraine's parquet floor, and the cast iron stoves belched their smoke out through black pipes sticking out of the windows. The office was an ugly shelter, but Gaston Eyskens set his shoulders to the reconstruction of the country. It is true that, following his apprenticeship in the Ministries of Regional Economy, Budget and Development Cooperation, Professor Eyskens junior works in a perfectly restored government building, but financially speaking -- following his father's golden years -- the nation is once again in ruins. Following is an interview with the man who now, in the once so liberal country of his father, threatens anyone who evades his taxes with the dungeon.

[Mark Eyskens] We have tried everything. During the Tindemans I administration we had the soft and the tough reform bill, during the Tindemans II administration we had the crisis bill. These were important measures with numerous articles of authorization, all of which remained inoperative. During the Martens I, II and III administrations, we have passed program and budget bills, the last of which was adopted on 8 August. If we had not enacted all those bills, the situation would definitely have been even worse. This did not, however, prevent us from always being overtaken by events. In this respect, my most serious problem is not even the budget, but the financing crisis. Every day I have to make calls to all corners of the world to find a little money. In order to be able to pay the wages in some

enterprises, we have already taken out loans in New York now. Of course, the situation is even worse in all the developing countries, and things are also bad in England and Denmark, but we will not be able to keep this up for very much longer either. Of course, the simplest way to solve the budget problem is to eliminate the budget and to limit ourselves to cash transactions. But then we would be going back to the government techniques of Charlemagne. I am afraid that there would not be a majority in favor of such a revolution.

[Question] Have we reached the point then that there is no longer any political means within this system to turn the crisis around? Is the government budget finished as an instrument?

[Eyskens] We urgently need to free some budgetary space to relaunch our economy. Careful, because I am not a proponent of demand stimulation. As a matter of fact, in our country the demand is largely drained off abroad. It would be better to temporarily be able to review the fiscal status of investments; labor as a production factor should be unburdened by para-fiscal means. But then you would be stuck with the problem of social security which would fall apart.

[Question] Does this mean the failure of a social system then?

[Eyskens] We have been living in a crisis for 7 years now. We have maintained ourselves by working ourselves into debt. This does not even have to be unwise if the crisis ever comes to an end. Then the riches of tomorrow would have to cover the debts of today. But what if the crisis goes on for another 5 or 10 years? In the Netherlands, they have already gotten to the point of a separate reduction of purchasing power, and to top it off, their prime minister has acknowledged that it will take 10 years for the nation to be able to pick the fruits of this. However, the situation now is such that competition has developed in moderation measures, so that one country underbids the other. Such a deflation spiral does not appear to be without danger. However, in Belgium we have the additional circumstance that our indicators deviate too much from the EC average. Our budget deficit is too large; the impasse is to be found completely in the government sector. The balance of payments is too negative, taxes and the level of unemployment are too high. Even if all those European countries were to pursue a foolish policy now, then we would still have to return to a European average. Or we would have to proclaim ourselves an /island/, which as a sovereign state we could do, of course. We could impose high customs rates, we could strive for autarchy, we could even leave the Community. It is an alternative, but it is the alternative of the radical collapse of our level of prosperity. Thus, if we are not willing to give up a quarter or a third of our standard of living, then we have to keep in touch with the 8 European countries which import 80 percent of our exports. We must approach the crisis on three levels, the /first/ of which is our own Belgian scale. The difficulty we have experienced in adapting ourselves to the landslide which is taking place is situated in this dimension. Due to the symptoms of calcification of our former consumer society, which was actually a production society, the Belgian detoxification process is going too slowly. Year after year, we are running behind the other European countries. France, for example, has adjusted much better. We have a balance of payments deficit of 5 percent of our GNP, while they keep it safely at 0.3 percent. Their budgetary deficit is small, and through drastic increases in contributions they have managed to balance their social security. Just like the French, the Germans and the Dutch were able to do this, we in Belgium will have to take responsibility for those factors of adjustment over which we ourselves still have a hold. Our national

budget is our responsibility, and even the competitive power of our enterprises for that share of their production costs which we can determine ourselves. Our policies with regard to steel, coal, ship building and textile are fully Belgian decisions. If we just go ahead and let this continue to go on as it has in recent years, and thus if we do not adapt ourselves, then more and more structural breakdowns will become visible. Industrially speaking, we are an obsolete country; this must be renovated. You cannot get this priority without touching on the profitability of enterprises. Obviously, the general welfare is something quite different from the pure addition of corporate profits, but yet it has slowly begun to dawn everywhere that what is bad /over a long period/ for the enterprises, in the end also turns out bad for all of society.

[Question] Is the generalization of this awareness the reason why for lays people said that the National Labor Conference came off so positively, while later, outside in the sunlight, the participants said that it did not after all?

[Syckens] The conference went smoothly within the study groups, but during the last plenary session at night it became clear that the partners did not have as much trouble with their rank and file as they did with their sub-groups and federations; with the feudal lords just below the kings. But now that each one of them has said no, it worked out much better for the administration than if two of the partners had said yes, for example, and one of them no. Furthermore, from a moral point of view, we are living somewhat in an adulterous relationship with the social partners. We do not really have the right to ask them to take care of government business for us. We cannot proclaim the social partners to be a third para-constitutional chamber against their wishes. The responsibility lies with the government, covered by parliament.

[Question] But there you barely manage to get six people together to debate your government budget.

[Syckens] These days, parliament is suffering some from the regional councils, which sit /in/ its lap but function /elsewhere/. The Belgian parliament has become somewhat elusive, because there is always something regional or communal going on, and vice versa. Furthermore, we are a province of Europe, which forms the /second level/ of our approach to the crisis. In Europe, we are first of all a province of the Federal Republic of Germany, which takes 30 percent of our exports from us. In this sense, we are also a province of France and of the Netherlands, and they ours. Economically speaking, each European partner is a province of the other eight. At this level we are faced with the important political necessity that we, as a small province, are compelled to follow the European average. Thus, we have not gotten there yet. Obviously, the significance of this second European level lies in the fact that it forms a community of 250 million consumers. That is a size which would already allow for determining some kind of policy. With the help of a little Keynes it would be possible to do quite a bit in such an area, which, as a measure, could be compared to what an American government can do for its own economy. /Because Keynes did not die, he was murdered./ Keynes did not die a natural death. A clarification of the mystery story concerning who murdered Keynes could throw some light on the actual origin of the crisis. As a matter of fact, following the liberation, Keynes was torn out of his historical context. Keynes should be used to fan the fires of reflation in cases of economic growth recession, but not for structural breakdowns. However, Keynes proved to be so comfortable from a political and electoral point of view, that his recipe was perverted into an

inflation policy, which became so imbedded in society that it became structural. Keynes died of an overdose, administered out of indolence by politicians who had to be reelected. The fact that he was not used as an appropriate instrument, does not however alter the fact that in a market of a quarter of a million people he would still be eminently used to maintain a part of the economy. The European Community is just a scale on which we can take advantage of the crisis in order, with the necessary solidarity, to achieve a structural recovery of the economy and of employment.

[Question] But where is Europe now? The European idea has shriveled down to the national bad habit of the "fair return." The members want to get as much out of it as they put in it.

[Rytkens] Alas, this continent has fallen back into its feudal era. The second European level, which is thus more consistent than the mere Belgian, provincial level, has alas become the victim of a process of impoverishment. The price of energy has increased sixfold; a new competition has arisen from countries like South Korea. What can you do about it? We may be able, in certain aspects, to conduct a German or a French policy, but it would of course be nonsense for us to compete against South Korea. The answer to this challenge could only lie in complementarity, through an appropriate division of labor. We must digest the external influences and divide the available working hours. It is obvious that we will have to come to a substantial shortening of working hours, but this will only be possible as a result of a logical handling of the overall problem. It would, alas, not be possible to turn the solution upside down and to start, for example, with shortening the working hours. This has lead us to the /third/ and most important level: chronologically speaking, the whole world has also become our village. On this plane, the matter at issue is no less than war or peace. In the past, the Marxists held the theory that capitalism, like a swilling deity, would inevitably devour its own children, or, in clear language, that in due time the overproduction of capital would have to be destroyed by force. Well, I hear this theory again more and more. Anyone who is currently somewhat in the know, is worried. /The question of war or peace depends on the degree to which we will succeed in establishing a form of cooperation between the industrialized countries with their production potentialities, the developing countries with their enormous needs and their poignant lack of purchasing power, and the energy producing countries with their money boxes. It is on this tripod that a viable world economy will have to be built for the next decades. If this does not succeed, then we may continue to muddle on for a long time with cuts in social security or in unemployment, or with a subsidy here and there for investments, but then we will inevitably go to the dogs. We would then get a strange planet, on which a third world war would be fought via intermediate countries. A first result would be a significant impoverishment of the countries of the industrialized West, with a dwindling standard of living behind which the sound of boots would once again be heard.

[Question] Are you now talking as a government member in the name of a small country which regrets that, a quarter of a century after its signing, the Treaty of Rome has not yet produced an appropriate political and economic policy instrument? Has it become hopelessly too late to make something out of that community of 250 million people or do Giscard and the other big ones simply not want to?

[Eynkens] The /Club/ is now going to be expanded to include Greece, Portugal and Spain, which are undoubtedly attractive countries, but which will still, in these times of crisis, bring their additional problems with them. Those countries, which are supposed to play the role of locomotive in the community, will once again have to shell out more money in order to feed these poor brothers. I see, alas, only occasion for further frictions, and impediments to conducting a common policy.

[Question] How real is the impoverishment of Belgium, of Europe and of all of the West? The temperature is still rising on the swollen body of the colossal growth economy of the sixties and early seventies. The growth remains modest, but there is still some. Every year we are adding another percentage point, the chimneys continue to smoke.

[Eynkens] In the thirties, the elevator only went down; at that time they had economic vintages of minus 10 and more. Our figures keep growing, but some of those figures are lying. We are working with macro-economic statistics which are not devoid of arbitrariness. In a country like Belgium, nothing would be simpler, for example, than to increase growth again by 2 or 3 percent. Name all the unemployed to be secretary general, and their salary of 1.3 billion francs can immediately be recorded as real growth of the GNP, but the only real growth which contributes to enrichment is the added value in the secondary sector. In principle, the production of a service is equally valuable as a rail or a television set, but in fact there is a great difference. /The services of a civil servant cannot be exported/, but the least product going abroad affects the balance of payments. When you take purely industrial growth out of the national figures, you can clearly see our impoverishment. An impoverishment also takes place among the production factors. On the world market, we are one of the /price takers/, not one of the /price setters/ like the Japanese or the Germans. We have no influence on the world price; we have to adjust our costs as much as possible to that level. Many of our enterprises are still exporting, but often without profit and even at a loss. It may be justified to export at a loss in order to continue to cover your variable costs. In recent years, with the distribution of the national product, part of the added value has gone to the families, which we now want to shift back to the production apparatus. To modernize and renew, it is that simple.

[Question] Isn't the obviousness of this solution affected by some built in lie? You sit together at the National Labor Conference and simply pretend that you have a planned economy. What is "our" industrial package? Legally speaking, that is not a reality. The government keeps talking about its industrial policy, but the community does not own its means of production. Industry itself does as it pleases: it emigrates.

[Eynkens] Well, it does what it has to do. In this sense, the unions of course argued that nobody could guarantee that the moderation would really produce jobs. But what is the alternative? We cannot, after all, turn our frontiers into mouse-traps in order to keep capital and investments in Belgium. With protectionism, with exchange control and you name it, until we slip into a domestic subsistence economy with all its inherent consequences. We experience, alas, the law of competition and nothing can be done about that. You could always hold a demonstration against the law of gravity, but it would not eliminate it. Our country is the largest exporter in Europe and in the world, which makes the cost factor crucial for our enterprises. Yet, political interventions can be very efficient. This was proven in the late fifties when the expansion laws with their, at that time,

very attractive stimulants lured thousands of foreign enterprises to Belgium. At a certain point, they were responsible for no less than one-third of the jobs. The other side of the coin was, of course, the fact that we have increased our degree of vulnerability which is what we are now feeling in the opposite sense. Twenty years ago we were able to submit favorable comparative costs; that is no longer true. May I, furthermore, point out a certain contradiction in the behavior pattern of the negotiation partners? Overall, the unions are in favor of interventionism in the economy, but, as a government, we should never touch the labor market. Hands off the wages; their position is ultra-liberal on this point. The exact opposite is true for the employers. We must never touch their enterprises, except occasionally to pass on a subsidy, but for years it has been considered a shortcoming of the government that it did not freeze wages.

[Question] Now that the government is absorbing the wages anyhow, the state is also absorbing the last economic freedom. Now there is no longer any area which is not considered to be within the jurisdiction of the state as a matter of course. Are the workers really aware of the historic character of that step, on which they insisted so much? For the 2 percent advantage which this gives the employers, it might well boomerang. If, 5 years or so from now, we were to wake up in a different world, it would not be inconceivable for governments, on the basis of this authority from the year 1980, to push up wages systematically.

[Eyskens] In principle, I am not a proponent of an income policy at all, but what alternative do we have? The moderation measures will not even feed the treasury next year, because fewer taxes will be levied on incomes which increased less. This only increases my budgetary problem. What is the rationale then? The balance of payments is the first concern. How do you check the tendency to import? One could try customs walls, but we belong to the European Community. We could also have done it with a devaluation, which, at first sight, seems like a less painful operation. But we know the disastrous chain reaction. Another alternative to increase the profitability of the enterprises is to decrease substantially para-fiscal measures. If not just 10 but, for example, 50 billion francs /less/ were skimmed off for social security, we would undoubtedly obtain a very interesting effect on employment. This would just be a direct reduction of labor costs. But now that social security already shows such a deficit, such a reform of the system would affect the basic principles of that pillar of modern society. By elimination, the only thing that remains, unfortunately, is the moderation of incomes. A final alternative for the government is, of course, /not/ to do /anything/, simply /not/ to govern. However, this would cause us, in the short term, to lose the three A's which we still have with our creditors. Indeed, the international financial institutions, which grant their debtors such rating letters, know our situation; they are worried about the building up of our debts.

Trust Relationship

[Question] Is there a better rating than those three A's?

[Eyskens] It is the best; it has even improved since the state reform. Last year we temporarily lost a single A because they thought in Washington that Belgium was falling apart. This does not, however, prevent people today from wondering what the scope of the Belgian economy has become. Macro-economically speaking, Denmark is a much smaller country than Belgium. Copenhagen is now faced with a foreign debt of 500 billion francs. At the moment, we are close to 150 billion francs, but

next year another package will again be added to this. Our domestic debt is fast approaching 2,000 billion francs. The 200 billion franc installment on previously contracted loans weighs heavily on the 1981 budget. The Belgians must realize that, these days, 1 out of every 5 francs is being spent on paying interest on the public debt.

[Question] Normally, this should improve the situation of the banks. The greater the need of the state, the better their business keeps going.

[Eyskens] It is obvious that the state is a good client at their counter, from whom a great deal profit is made. But on the other hand, the government would not be able to manage without the help of private and public coffers either. As a matter of fact, the whole sectoral policy is now being financed by the NMKN [expansion unknown]: coal, steel and textiles.

[Question] While the people continue to help finance with their savings. Isn't it paradoxical in a country with a crisis economy and which, on top of that, is constantly facing speculation on its currency, that the savings quota keeps going up?

[Eyskens] I am afraid that it is now about to stagnate because of the parallel circuit. Part of the reason why people invest is because of the uncertainties of the crisis, which is why the interest rate is so high. After taxes, you still have more than 10 percent left over; real estate no longer produces that much. Moreover, I know for certain that there is dormant money which I, as minister of finance, do not know about, that a great deal of black money runs through the veins of the economy which cries out to be laundered, and that there are systems of major fraud, built up systematically and in a gangsterlike manner. The government statement sums up the measures which are being prepared here. I do not consider our 10 million Belgians to be 10 million potential cheaters, but I realize that at the present time there is little motivation among the people to like paying taxes. Not only are the Belgian wage earners already subject to very high taxes, the people also have the impression that the state is throwing the money out the window. My premise is that a new mutual trust relationship must grow, whereby the increase of sanctions will definitely not escape public opinion. If I could drag 10 cheaters a year before the public prosecutor and into court, I am convinced that the mentality would change. The people must first realize that they themselves finance what the cheaters defraud out of their own pocket. If Professor Franck's figure is correct, if approximately 200 billion francs in income are being evaded here every year, that would represent a percentage of billions with which we could accomplish quite a bit in terms of investments and jobs and in terms of a tax reduction for families. It is time for this kind of solidarity feeling to be tapped.

8463

CSO: 3105

PROJECTED DEFENSE CUTS, REORGANIZATION REVIEWED

LD291727 Copenhagen BERLINGSKE TIDENDE in Danish 25 Jan 81 Part 1 p 8

[Report by Mogens Auning: "Defense Cuts Plan Is Ready"]

[Text] This will be the year in which significant cuts in defense readiness will be made. The reason is that the government did not succeed in reaching a multi-party defense settlement.

In order to achieve the best possible returns for the amount which the finance bill places at the defense forces' disposal--around 7 billion kroner--cuts and reorganization will be necessary. The army in particular will be affected by these.

The adjustments in strength targets which the defense high command has prepared and which the Defense Ministry has approved mean that the number of combat units (companies and squadrons) in the standing forces in each of the army's 12 tank and armored infantry battalions will be reduced from 3 to 2. In the artillery the number of cannons in the batteries in the two brigade artillery divisions in the Eastern National Command will be reduced from six to five. A similar reduction was implemented last year in the Western National Command.

The units which will disappear from the army's standing forces will be transferred to the army's supplementary forces, which are not manned in the normal course of events but can be filled at short notice.

The adjustments mean that around 150 million kroner can be transferred from the personnel costs area to the materiel costs area.

As far as personnel is concerned at the end of 1980 the defense forces had 1,750 vacant posts (officers and regular soldiers). In order to make the desired savings around 2,415 posts will be kept vacant. However, there are no plans for layoffs. It is expected that the figure will be reached through natural wastage.

The vacant posts include a reduction of around 960 conscripts. This means that with the current 9-month national service period there will be an annual reduction of 1,200 conscripts drafted.

For the total defense forces the reductions will be as follows:

As far as the army is concerned a number of units will be transferred from the standing forces to the supplementary forces. This means that for 1981 the standing forces will number 7,600 men, compared with the 8,500 fixed in the current defense legislation.

In the navy the chief savings will be made on materiel. Of the 16 existing torpedo boats the 6 oldest--the so-called Sea Lion class--were mothballed on 3 December last year. During 1981 two of the navy's eight minesweepers will be taken out of service as will one of the six submarines. At the Stevns and Langeland forts the artillery will be mothballed.

The air force is disbanding two of the four Nike missile squadrons in the air defenses during the spring. In December three of the air force's C-47 transport aircraft were taken out of service and a further two will also be withdrawn during this year.

The comprehensive reductions and reorganization in the army will begin on 1 February. There will be reorganization of the First Battalion of the Royal Jutland Infantry Regiment in Fredericia. Both battalions of the Jutland Dragon Regiment in Holstenbro, and the North Jutland Artillery Regiment in Skive will transfer a number of cannons from the first and fifty-fifth artillery divisions to the supplementary forces.

On 1 July it is the turn of Sjaelland. Reorganization and transfer to the supplementary forces will take place in both battalions of the Sjaelland Life Guard Regiment in Antvorskov and the first battalion of the Royal Life Guards at the Sandholm Camp.

In August an intelligence and reconnaissance squadron under the Western National Command in Aarhus will be disbanded and on 1 September the first battalion of the Queen's Life Guard Regiment in Noerre Uttrup will be reorganised.

At the end of the year the Fynen Life Guard Regiment in Odense, the Prince's Life Guard Regiment in Viborg and the Household Cavalry Regiment in Naestved will be reorganized.

CSO: 3106

DANES HOPE TO 'BORROW OR HIRE' U.S. HAWK SAM'S

LD300941 Copenhagen BERLINGSKE TIDENDE in Danish 23 Jan 81 p 5

["Aunt" report: "Danish Air Defenses Reorganized With Loaned U.S. Missiles"]

[Text] Danish missile air defenses are to be reorganized. This reorganization will take place at the same rate as the number of combat aircraft in the air force is cut, and the four Nike missile squadrons around Copenhagen will be phased out.

After the reorganization missile air defenses will consist of eight Hawk missile squadrons. Denmark already has four of these and will try to borrow or hire the other four from the United States.

The four new squadrons will--according to the reorganization plan--be deployed on Fynen and Langeland. Danish missile air defenses have hitherto been concentrated on Sjælland, and most have been around Copenhagen.

Defense High Command has been involved in negotiations with the Americans for the loan or hire of the four Hawk squadrons. At present the squadrons form part of U.S. air defenses. However, the missiles, which the Defense High Command describes as fully up to date and operational, are to be replaced by a new model in the United States. If the negotiations are successful, Danish defense forces hope to have them in 1983. Defense High Command sources told BERLINGSKE TIDENDE that the handover of power in Washington is the reason why a final answer has not yet been given.

Denmark's existing Hawk squadrons are deployed in Middelgrunden, Stevns and Tune and at Koneglunden in Amager. The Hawk missiles are intended for use against relatively low-flying aircraft.

The Nike missiles, which are to be phased out, are intended for use against high-flying aircraft. The Nike squadrons are based at Karlebo and north Sjælland, in Tune and Koneglunden and at Sigerslev.

By deploying Hawk squadrons on Fynen and Langeland, the Defense High Command expects to be able to strengthen North European missile defenses, in that they would cover a weak link in NATO air defenses in the area between Sjælland and northern Germany.

CSO: 3106

FOREIGN MINISTRY REORGANIZES, CHANGES LEADERSHIP

Copenhagen BERLINGSKE TIDENDE in Danish 12 Nov 80 p.2

[Text] There will be a reorganization of the Foreign Ministry and changes in the top leadership. After the first of the year, the Foreign Ministry's director, Eigil Jorgensen will probably have two department heads by his side, one political and one economics, and these three top government officials will in the future constitute the ministry's united leadership in relations with the Foreign Ministry.

The new, structured plan which will imply an abolishment of the ministry's sharp division of two separate departments, is expected to be finally approved by the Central Administration next week.

The new Political Department Head will be the man who until now has been the chief of the Political Division, Foreign Service Officer Peter Dyvig. The chief of the Economic-Political Division, Foreign Service Officer, Otto E. Moller who is presently Acting Chief of the Department of Foreign Economics (2d Department), a position which he has held since Department Head Niels Ersboll's departure to Brussels, should have all the qualifications necessary to be appointed to the position as the Ministry's economic department head.

At the same time, Tyge Dahlgaard is appointed as Ambassador to London, one of the most distinguished positions in the Danish Foreign Service. Tyge Dahlgaard who for a while was Minister of Commerce in J.O. Krag's government, has previously been ambassador in Belgrade and Tokyo, and since 1976, in the Haag. The position as chief of the embassy in Holland will be filled by Foreign Service Officer Erik Krog-Meyer, the former Consul General in New York who, since 1978, has been the very active leader of the Commerce Division of the Foreign Ministry.

The structural change in the leadership of the Ministry has been under preparation for some time as the logical consequence of the fact that the country again has only one Foreign Minister. During the number of years that Ivar Norgaard was Foreign Economics Minister with the ministry's 2d Department under him, this Department of Foreign Economy grew somewhat away from the rest of the ministry and almost gave the impression of being an independent ministry under Department Head Jens Christensen (now Chief of DONG [expansion unknown]). Since the post as Foreign Economics Minister was abolished, the 2d Department has once again become more of a part of the Ministry's main stream during Department Head Niels Ersboll's time. The change in structure started quietly a year ago when Director Eigil Jorgensen was relieved of the Ministry's 1st Department, the Department of Foreign Affairs--first by the

help of Foreign Service Officer Ole Bierring, who is now ambassador in Paris, and later by Ambassador Skjold Mellbin. Mellbin, however, is getting special leave of absence starting the first of the year in order to take over the chairman position of the new Security and Disarmament Departmental Committee. With both his post vacant and with a replacement for Niels Eraboll's Department Head position under way as a result of his appointment as Secretary General to the EC Ministers Council, the time was ripe accomplishing the entire structural change.

Director Eigil Jorgensen will then, if the plan is approved by the Central Administration, have both a political and an economic department head by his side, and it is the intention that this troika will lead the Foreign Ministry in unity as a combined ministry without departmental division. But the director will probably, by virtue of both title, experience and authority, sit in the driver's seat and be in charge.

Department Head Dyvig is being replaced as leader of the Political Department by his former deputy, Assistant Secretary Benny Kimberg. But Dyvig is keeping the title and function of "political director" which implies that he continually will be Denmark's permanent representative in the foreign political cooperation within the EC.

9667

CSO: 8113/0404-A

MOGENS ISAKSEN NAMED TO HEAD DANISH AID AGENCY, DANIDA

Copenhagen BERLINGSKE TIDENDE in Danish 1 Nov 80 pp 22

[Text] After almost 2-1/2 years as Assistant Chief in DANIDA, the Foreign Ministry's division for Danish aid to developing countries, Ambassador Mogens Knud Isaksen (50) is advancing to chief and will now become the chief responsible for the 2.4 billion kroner which is channeled through DANIDA as Danish aid to the developing countries. He is replacing Ambassador K. Repsdorph--the future EC ambassador in Geneva--with whom he entered into an excellent partnership. Mogens Knud Isaksen combines a constantly realistic view on the problems of the developing countries with a clear eye to what is also possible politically. He is a good boss and one who knows how to cooperate says the employees of DANIDA.

Mogens Isaksen has years of experience in the matter of the developing countries. He was a participant in the North-South dialogue in 1977, and during the following years, he was the leader of the Danish delegation to the UNCTAD-conference in Santiago, New Delhi and Nairobi. He was also an observer in Manila in 1979 where he sat in on meetings where commerce- and exchange relations between the industrialized countries and the developing countries were, more or less successfully discussed. Mogens Isaksen once said that he, in his education, lacked personal, direct insight in the conditions of the developing countries, but he has during the last few years corrected this by traveling to, among other places, Southern Africa, Eastern Africa, Vietnam and to Sri Lanka (Ceylon). The last trip did not result in making Sri Lanka the fifth major recipient country of Danish aid--after Kenya, Tanzania, India and Bangladesh--not yet, anyway. The new DANIDA chief is said to be able to get to the bone of a debate and to promote a solution. He is also a man who can admit it when something has gone wrong--as he admitted it after seeing the place where, for 3 years, 68 million kroner worth of Danish equipment stood, unused in a field in Sudan. A sense of reality, a humanistic view on life and a political perception, those are good qualities for a man who directs the billions to those who suffer.

Two Assistant Chiefs in DANIDA

In connection with the change of chiefs in DANIDA where Assistant Chief, Ambassador Mogens K. Isaksen will follow Ambassador Repsdorph, two new Assistant Chiefs have been appointed, the 44-year old former Ambassador in Prag, Bent M.W. Haakonson, and the former advisor in DANIDA, the 54-year old Dr (of theology) Kaj Haago. The former will be the first deputy while the latter will be special major coordinator of projects.

9667

CSO: 8113/0404-C

TASKS, ACTIVITIES OF FINNISH NAVY

Stuttgart MARINE-RUNDSCHAU in German Dec 80 pp 707-711

[Article by Jan Klenberg, rear admiral, commander in chief, Finnish Navy]

[Text]

I very gladly comply with your wishes to describe both the tasks - and the field of activity as well as the ships of the Finnish Navy for the purpose of publishing this paper in this notable naval journal.

Finland as a Coastal State of the Baltic Sea

Finland has to play an important role within the frame of Northern Europe's security and military policies with the boundaries of the great military alliances converging both in the north at the coasts of the Arctic Ocean and in the southern part of the Baltic Sea. Together with Sweden the Finnish territory constitutes an independent and neutral zone attributing decisively to the stability of the situation in the whole of Europe. The military development in the area of the Barents Sea and the Norwegian Sea resulting from the superpowers' nuclear strategy has given special importance to the defence of Finnish Lapland. The Baltic Sea, however, is the most important factor linking Finnish security problems with the military focus of our continent in Central Europe. It is, therefore, a basic demand of our security policy to guarantee the integrity and neutrality of our coasts, skerries, and territorial waters of the Baltic Sea.

Maritime Finland

The sea has always had a central meaning during the most important phases of Finland's history and evolution. The first inhabitants came over the sea and spread along the coasts to the east and the north and along the rivers into the interior of the country. To move on the water was easy and faster than on the roadless land. So the immigrants mainly settled near the coast and along the rivers to have good lines of communication.

The majority of Finland's population still lives at the coasts, seven out of twelve of our largest cities being situated at the sea coast. Well over one half of our population, the majority of our industries, and of our cultural institutions are located in maritime Finland, southwest of a line running from Vaasa to Lappeenranta (see the sketch).



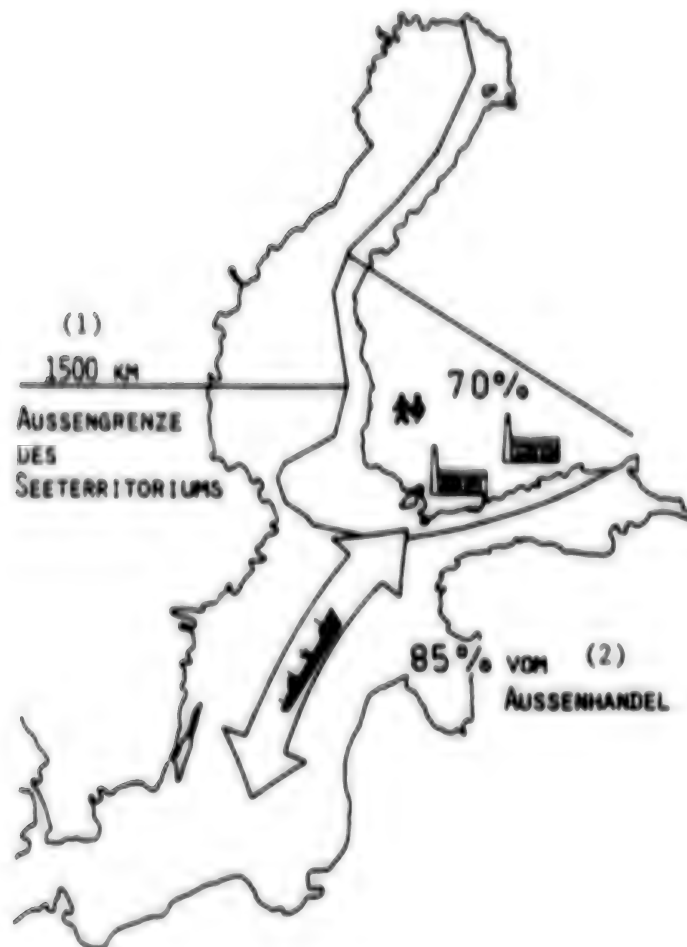


Figure 1

Key:

1. 1,500 kilometer outer boundary of territorial waters
2. 85 percent of foreign trade

About 85 percent of our foreign trade which is necessary for our economy comes and goes over the sea. More than one half of this traffic is borne by Finnish ships. That is why the great significance attributed to sea traffic and the sea regarding our economic life is undeniable. As a result the security of our sea lines of communication is in all situations a key question of our national survival. Finland's land frontiers extend over a total of approximately 2600 km and the coast line is about 4600 km long whereas the outer borders of our territorial waters stretch over about 1500 km. Our country continues to cling to the rule of 4 nm of territorial waters. At our sea borders our country has established both customs and fishing zones ahead of these underlying the control of our maritime interests.

To the factors influencing Finland's maritime position also belongs Åland (Finnish Ahvenanmaa). Its peculiar characteristics as a militarily neutralized territory offers its own specific problems with

regard to control and defence. Though the maritime strategic development has changed the significance of the Åland zone so that it is no longer the same as before World War II, the concern about Åland's integrity lays special commitments upon the Finnish Navy.

The factors determining Finland's maritime position are:

- the length of the outer limits to the maritime territory extending over 1500 km;
- militarily neutralized Åland;
- 85 percent of the foreign trade being shipped over the sea;
- the capital situated at the sea coast;
- the coast with its numerous skermes;
- the key area being located on the peninsula in the southwestern part of the country.

Finland's Security

The exterior prerequisites of our security mainly depend upon our political relations to foreign countries and upon the development of the international situation as well. In the light of both our geographical and political situations a positive relationship to the Soviet Union based on the Treaty of Friendship, Cooperation, and Assistance is particularly important to us. The same is true regarding the traditionally good relations to, and the historical association with, the Scandinavian countries. At the same time it is, of course, evident that the whole of the Baltic Sea area, Europe, and the world continue to offer such factors which are directly affecting Finland's security interests.

Finland's security policy can only succeed if her foreign policy is supported by a sufficiently strong military defence system. This insight has been confirmed by both our legislation and by other distinct attitudes taken by our parliamentary system.

In the light of the limited potential of our country the principal responsibility of defending our state against any serious attack can only be fulfilled by attributing the main importance to local defence and the Army, the share to be borne by the Navy and the Air Force coming to the fore only when maintaining our territorial integrity or with such special problems as the defence of Åland. In the defence of a comprehensive attack on our country, however, the latter will be called upon for limited employment only. In such a case they will be used to gain time for mobilization and to inflict casualties on the aggressor.

Maritime Defence

To the maritime defence force of the country belong all units of the three branches and of the services which take part in the following tasks:

- surveillance of the sea;
- preventing violations of the territory;
- defence against attacks at sea; and
- protection of the sea traffic.

Maritime defence is thus based on close cooperation of all branches of the armed forces. The Navy as an independent branch of the armed forces constitutes the mobile part of maritime defence together with the patrol boats of the frontier guards (subordinate to the Ministry of Interior). The locally bound part is formed by both the coast artillery - which in Finland continues to constitute a strongly established arm - and the uninterrupted net of radar and observation stations at the coasts of the northern Baltic Sea and the Gulf of Finland. The Air Force as well as the different arms of the Army will support both the Navy and the coast artillery, if need be, in accordance with the military situation.



Figure 2. The Turunmaa-class gunboats are the Finnish Navy's most powerful vessels. They were constructed in 1968-1969 by the Waertsilae works in the Hietalahti shipyard in Helsinki. Their armament consists of the following: one 120 mm universal-target cannon; two 40 mm antiaircraft and 23 mm double antiaircraft guns, all operated by fire direction control. In addition, these vessels are equipped with antisubmarine weapons. This photograph shows the gunboat Karjala.



Figure 3. The Nuoli-class motor gunboats were built in the early 1960's by Laivateollisuus in Turku. Armament: 40 mm antiaircraft guns and Wabos [meaning of acronym unknown]. This photograph shows the Nuoli 3.



Figure 4. The Tuima-class missile-armed boats were built in the USSR in 1974-1975. Their main armament is the SS-N-2 naval defense missile. The photograph shows the missile armed boats Tuima and Tuiska.



Figure 5. The Kuha-class minesweepers were built by Valmet in Turku, 1974-1975. The vessels have fiber glass hulls. The minesweeping gear is flexibly attached to the superstructure. Photograph shows minesweepers Kuha 22, 21 and 25.

In peacetime the maritime defence force, in addition to its training task, carries out continuous surveillance and reconnaissance tasks and maintains a state of readiness enabling it to rapidly take measures to secure the territorial integrity of the country. Protecting the territorial integrity by adequate military forces provides the conditions of Finland staying out of a potential conflict of other countries. Maritime traffic must be protected under all circumstances. International treaties concerning neutral countries commit us even in exceptional instances to protect international maritime traffic running through maritime areas within the scope of the neutrality clauses.

The Navy

The tasks of the Navy have been described as part of the tasks of maritime defence. They comprise in detail:

- participating in the surveillance of the sea,
- carrying out and controlling sea reconnaissance,
- protecting the territorial integrity of our country,
- defending against attacks at sea in cooperation with the other branches of the armed forces,
- preventing violations of our maritime territory, and
- protecting and controlling the sea traffic in times of crisis.

To officially support other governmental services and authorities is a general duty of the defence forces. In the last years the following tasks have been added to the duties of the Navy:

- defence against oil pollution and

SAR

In certain instances the Navy with its matériel has good opportunities to make itself useful.

The Navy is organized into a Naval Staff as a command and control staff of this branch of the armed forces and into four formations in peacetime.

The *Coastal Fleet* subdivided into four flotillas comprises the principal part of our combat vessels. Three flotillas are stationed at our naval base of Turku and one at the Helsinki naval base.

To the gunboat flotilla belong the gunboats *Turunmaa* and *Karjala* as well as the motor gunboats of the *Nuoli*-class.

The gunboats are suited for many tasks involved in the Surveillance and control of our maritime areas, for preventing violations of our territory, and for defence against attacks. The motor gunboats are suited for reconnaissance, identification, and control tasks.

The missile flotilla comprises four missile-armed boats of the *Tuuma*-class, the guided-missile ferry *Isku* built for training and testing purposes, and a depot ship. The guided-missile boats constitute the defence factor of our Navy with the largest range and the strongest effect.

The mine warfare flotilla is composed of the mineship *Keshässalmi* and the former frigate *Hämrenmaa* converted into a MW vessel in 1980 as well as six minesweepers of the *Kuha*-class suited for difficult sweeping tasks, in addition mine ferries and auxiliary minesweepers. The mine warfare arm continues to remain one of the most important means of Finland's maritime defence.

To the guard flotilla belong five patrol boats of the *R*-class which were modernized in the late 1970's. Aside from ASW tasks they are also suited for controlling and patrolling the maritime territory of the country.



Figure 6. Prototype Combat Vessel 80

Shipyard: Waertsilae, Helsinki
 Hull construction finished 25 September 1980
 Light metal (aluminum) hull and superstructure
 11,000 horsepower diesel engine. Maximum cruise speed exceeds 30 knots.
 Water displacement approximately 280 tons (standard)
 Length 45 meters, width 8.5 meters
 Armament: one 57 mm, 23 mm in twin mount. Missiles(?).
 Trial cruises will probably begin before Christmas 1980. Delivery to navy in early summer 1981. The hull consists of three main sections which are largely equipped prior to assembly. That is why the first trial runs can already start in 1980. This prototype is designed to serve as a powerful combat vessel as well as a very seaworthy patrol vessel for the high seas. This boat is intended to be a first generation vessel for a series to extend over this and the next two decades.

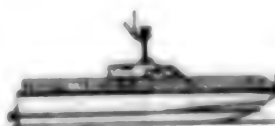


Figure 7. Huima: fast, lightweight patrol boat

Delivered on 1 July 1980 by construction shipyard Fiskars Oy Turun Veneveistaemoe in Turku.
 Length approximately 22 meters, width approximately 5 meters; plastic hull, water propulsion power plant. It has made extensive trial runs during the summer of 1980.

It is a particular characteristic of the Coastal Fleet that it has a high combat readiness even in peacetime. Part of the vessels is always ready to carry out patrol, identification, and defence missions. The vessels on duty can quickly be sent to accomplish required tasks at any point of our coast.

The *Helsinki Naval Base* at Porkkala comprises repair shops, a testing station and depots as well as transports and special vessels and as a result of the rationalization of the fields of activity the naval school too.

Apart from its logistic tasks the Naval Base also carries out both basic and special training of the majority of the conscripts, arranges courses for reserve NCO's, and takes care of the technical advanced schooling of regulars. The guard flotilla is stationed at the naval port of the naval base.

The *Turku Naval Base* at Turku consists of depots and repair shops of the combat units, a testing station and transport and auxiliary vessels. The base is primarily responsible for naval logistics. In peacetime three flotillas of the Coastal Fleet are supported by its naval port and its strongpoints dispersed in the skerries.

The *Naval Warfare School* at Suomenlinna off Helsinki is responsible for the training of the regular personnel and the naval reserve officers. The school comprises departments responsible for the advanced training of officers, cadets, petty officers, and reserve officers.

To the Naval Warfare School belongs the mineship/training ship *Pohjanmaa* built in 1979 which carries on the traditions of both the *Suomen Joutsen* and the *Matti Kurki*. When used as a training ship she is fully suited for service at the deep sea. The armament of the vessels allows for training with all weapon systems used in our most important combat vessels.

The *Naval Staff* at Katajanokka, Helsinki, is the command and control staff of this branch of the armed forces. It is one of its most important tasks to provide and maintain the conditions for the activities of the naval formations in procuring as part of the economic planning of the defence forces the financial means the Navy needs to accomplish its mission. Moreover, the Staff develops the plans for establishing the desired degree of combat readiness and directs both the combat means development as well as their logistics and the training of personnel.

Prospects of Development

As in other navies the fast rising costs of modern warship technologies offer a special problem in Finland too. Though only part of the total field of this technology is suited for the purposes of our Navy it is hard to fit the expenditures for new procurements, maintenance, and personnel affairs into the narrow frame of our defence budget. For a small organization it is not easy to master the systems steadily growing in number and complexity. In this sphere we are obliged to take a decision to use as few systems as possible and to select them from those which are particularly well suited for our peculiar sea and skerry conditions. Given this demand, two main lines may develop: We will continue making our main efforts in the field of mine warfare traditional in our waters and pay attention to an increased combat effectiveness by building fast and light fighting ships armed with guided missiles. Our mine warfare capability has considerably increased since *Pohjanmaa* was built and *Hämeenmaa* converted.

Our second important factor of this present development is the combat boat 80 project. When the prototype will be completed and tested in the next year we might decide to build combat boat flotillas.

The Finnish Navy is proud of its past. During the bitter times of our country, under difficult circumstances, and often with insufficient means the predecessors of the present Finnish sailors were able to help maintaining our independence. Our will and our spirit are still the same. Finland needs a navy and it has one which perhaps is not so large and powerful and yet is able to fulfil the task of maintaining our security in our peculiar conditions with the Finnish *Sisu* – the strong and stubborn will – and with tenacity.

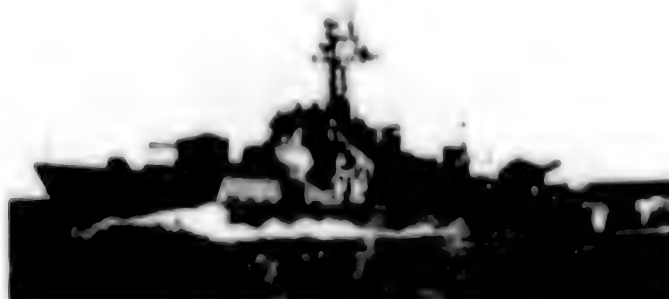


Figure 8. The R-class patrol boats have been modernized to serve as antisubmarine vessels. Photograph shows patrol boat Ruissalo.



Figure 9. The mining training vessel Pohjanmaa was constructed in 1979 by Waertsilae, Hietalahti, Helsinki. Armament: one 120 mm universal-target cannon, two 40 mm antiaircraft and four 23 mm double antiaircraft guns, all operated by fire direction control. In addition, the vessel is equipped with antisubmarine weapons.

9273

CSO: 3120

PAPER VIEWS SWEDISH DEFENSE THINKING

LDJ01211 Helsinki HUFVUDSTADSBLADET in Swedish 23 Jan 81 p 4

[Editorial: "Continued Strong Defenses"]

[Text] The introduction to the Swedish defense budget for the coming year contains a short section which states the importance of Sweden's fulfilling its "security policy commitments in the Nordic community" in the present situation. This is achieved by means of a consistent policy of neutrality and by maintaining a defense force which will make a contribution to peace and stability in the Nordic area in the future, too.

In this document the word "commitments" has caused a certain amount of controversy. It has also been directly criticized by the social democratic opposition, who claim that it could be thought to tempt outsiders to assert that Sweden does not live up to its obligations and could thus lead to undesirable interpretations of the meaning of Sweden's nonaligned policy.

Taken literally the choice of words could be seen as less than fortunate. However, it ought not to be so difficult to grasp in reality. We think that it is a slip of the tongue, a slightly careless usage which is by no means intended to indicate a U-turn in Swedish defense policy or to inspire reinterpretations of this elsewhere in the world.

Swedish Defense Minister Eric Kroenmark pointed this out in a speech yesterday at the National Coalition Party seminar on Finland and the Nordic countries. A central objective of Swedish defense policy since World War II has been to preserve the stability in the Nordic countries. Despite the fact that the Nordic countries have chosen different means of achieving this goal independent of one another, they are nevertheless united in a clear common interest of insuring that the Nordic region remains an area of low tension. This common endeavor has led to a security pattern, often called the Nordic balance, which must be said to benefit peace in general and the Nordic countries in particular, Kroenmark said. Sweden attaches great importance to the preservation of this situation.

However, Sweden's role in the pattern has its own special characteristics. Swedish nonalignment in peacetime with the aim of preserving neutrality in war is not guaranteed internationally or fixed by treaty. Sweden itself must therefore make this policy credible in the eyes of the rest of the world. This has been attempted through active support for the United Nations, efforts for disarmament and

endeavors to minimize the differences between rich and poor nations. Especially in this last area Sweden has in comparison with Finland made efforts which are many times greater and which even today's economic crisis has not been allowed to influence.

However, at the same time a strong total defense has been a cornerstone of Swedish security policy. With this arrangement--and Kroenmark is obviously right about this--Sweden has been able to be a regional stabilizing factor as a buffer between the superpower blocs and has thus contributed to the balance in the Nordic countries. This has been of importance not least from the Finnish viewpoint. And as the Swedish defense minister pointed out, there is definite interest in the Nordic countries that Sweden should continue to maintain a reasonably strong total defense.

But what about the Nordic balance today?

Kroenmark said that the security situation in the Nordic countries is basically stable today, which does not necessarily mean that it is static. The international situation has taken a worrying turn. The North Atlantic and North European area, and this includes the Nordic area, acquires increasing importance, chiefly because of developments in arm technology. Sweden has noted increased military activity in the regions close to the Nordic countries. And it is against this background that Kroenmark places the increased demands on security policy and defense efforts, which are based on obligations to Sweden itself.

In this context the defense minister also touched on the question of nuclear-free zones, not least because of the intense debate in Norway at present. His exposition shows that Sweden's past line has been maintained. The Nordic countries already comprise a peacetime nuclear-free zone. Guarantees that the Nordic countries would be protected from nuclear attack would therefore be the main reason for a nuclear-free zone. However, this would require the cooperation of the nuclear powers--it is their use of such arm which would be placed under limitations. As is well-known, this condition has already been rejected by the superpowers. Without saying so directly Kroenmark obviously holds the opinion that the zone issue is still insoluble.

The defense minister then made a direct rejection of minizones, for example, one including only Sweden and Finland. On the one hand they would not mean any limitations on the deployment and use of nuclear arm and on the other they could be exploited as surrogates for real zones in the foreseeable future.

Eric Kroenmark by no means closes his eyes to the risk of a nuclear war and its devastating effects. But he nevertheless warns against merely "looking at the theoretical and technical possibilities" in this connection. There is a psychological threshold in the minds of the decisionmakers which is as high today as it was in the past, he claimed.

As far as Cruise missiles are concerned he stressed that they are a question which must be taken seriously, but their importance should nevertheless not be exaggerated. We are here dealing with second strike weapons which would only be deployed when the industrialized world's societies were already in the process of

devastation. And Kroenmark believes that despite everything the superpowers do not want to place themselves in situations involving the threat of such developments.

However, the Cruise missiles raise the question of neutral nations' air space. As far as Sweden is concerned--and this can of course be applied to others--he stressed the importance of effective air defenses, which are capable of "removing the fears of military operations over Swedish territory, which could give one side important advantages in a conflict. [no closing quotation marks]

The Swedish defense forces, especially those in the air, will shortly face far-reaching decisions in principle on new acquisitions intended for the end of the century. Kroenmark's address hinted that the investment in a successor to the present Viggen system will emphatically be made--despite all the difficulties which the current economic problems place in the way of this.

Conventional land and sea forces are also facing a reform next year, when the Defense Commission puts forward its plan for the next 5-year period. It is obvious that it will lead to considerable reorganization resulting in disbanded units and a slimmed-down organization. However, what is involved is a streamlining of the peacetime training framework--during the eighties intake numbers will decrease, reflecting the fall in the annual number of births 20 years ago. And the need to train manpower reserves is no longer so great. The savings can be redirected to the materiel sector and will allow the remaining units to keep up with the dizzying developments in arms technology much better than before.

In recent years the defense debate in Sweden has often been carried on in a somewhat pessimistic tone. Eric Kroenmark obviously does not belong to the pessimists: "We in Sweden are adopting the measures necessary for the long-term maintenance of the Swedish defense forces' strength as an element in a consistent Swedish security policy."

CSO: 3109

BRIEFS

EAST BLOC SHIPBUILDING AGREEMENT--Shipbuilding establishments in Finland, the Soviet Union, Poland, the German Democratic Republic and Bulgaria signed in Helsinki today a multilateral cooperation agreement on scientific-technical cooperation in shipbuilding. The agreement, concluded under CEMA auspices, applies to the 1981-85 5-year period, during which the structures of ships and ships' equipment will be studied. On the Finnish side the contracting party is the Technical Research Center of Finland in cooperation with Hollming, Rauma-Rekola, Valmet and Waertsilae. [Text] [LD300450 Helsinki Domestic Service in Finnish 1030 GMT 29 Jan 81 LD]

PRICE RISE IN PAPER TO USSR--The Finnish Paper Mill Association, FINNPAP, and the Soviet Eksportles company signed an agreement for the export of paper to the Soviet Union to a value of over 1.1 billion markkaa on Wednesday [21 January]. The agreement covers 1981. According to the agreement FINNPAP will supply 375,000 tons of paper to the Soviet Union this year. The figure is somewhat higher than the corresponding figure in last year's agreement, which covered exports of 300,000 tons of paper. In the additional agreements made last year exports of Finnish paper to the Soviet Union rose to around 430,000 tons for the year. The value of these exports totaled 1.3 billion markkaa. This year's agreement is largely the same as last year's on the range of goods to be exported. However, prices have risen between 5 and 12 percent, depending on the type of goods involved. In particular the price of paper, which requires greater energy for its production, has risen sharply. The agreement was signed in Moscow by Director General Valerian Akkuratov for Eksportles and managing director Jorma Keinonen for FINNPAP. [Unattributed report] [Text] [LD291557 Helsinki HUFVUDSTADSBLADET in Swedish 22 Jan 81 p 13]

CSO: 3107

PCF'S FITERMAN ON MITTERRAND'S 1981 ELECTION CANDIDACY

LD300915 Paris L'HUMANITE in French 27 Jan 81 p 3

[Unattributed report: "Mustering Forces of Change"]

[Text] PCF Central Committee secretary Charles Fiterman appeared on the French Television Channel One news program last night. He was questioned on the outcome of the PS Congress held at Creteil on Saturday. Here is the content of this interview:

[Question] Francois Mitterrand became PS official candidate yesterday. He is to run in the election on a socialist plan. Does this plan seem to you consistent with the left's former joint program?

Charles Fiterman: If I may, I would first like to tell you in what spirit I will assess the PS Congress. We communists have one objective, namely, fighting against Giscard d'Estaing and his policy, which is disastrous for the workers and the country. We want to fight against it in order to make it retreat wherever possible, finally defeat it and implement the new policy which the country needs. That is our objective. That is the meaning of our candidate Georges Marchais' campaign and the meaning of his statements the other day, which were widely discussed.

Well, it must be said that Francois Mitterrand's attitude, as it appears from the socialist congress, is not shifting in this direction. On the contrary, what is obvious is his determination to leave unanswered the decisive questions which are bound to be put to him in this kind of election, namely: What kind of policy does France need to extricate itself from the crisis? What sort of policy should replace the present policy? And with whom should the new policy be implemented?

You have referred to the socialist plan, but Francois Mitterrand has already announced that he does not feel bound by the manifesto adopted by the congress. This means that it is an election propaganda document, a document for the duration of the campaign. It is valueless, it cannot be seen as binding the candidate. Similarly, no answer has been forthcoming to the question of government and of communist ministers' participation in government.

Let us add that Francois Mitterrand has let it be known that he will begin his campaign at the end of February or beginning of March. He is going to Beijing... In short, in my view, the socialist congress has put forward a candidate who is embarking on a dilatory race in a deliberately spread fog.

I believe that under the circumstances it is no reflection on Francois Mitterrand's intentions to say that he wants to preserve his freedom of movement, just as he did in 1977 when, as a result, he abandoned the joint program. What is more, he is making the most of his resources with a view to establishing future cooperation between the PS and either a faction of the right or the entire right, in order to implement a policy which would be bound to be a continuation of the present policy and could even be worse. These are my views on the socialist congress.

[Question] Now, Charles Fiterman, with reference to communist ministers' participation in government, how many do you want and in what posts?

Charles Fiterman: Listen, we do not engage in political maneuvering. What we want is to see the Communist Party have its due place in a government entrusted with the task of implementing a new policy. No more than its place, but its due place, that is, a place consistent with what the PCF represents in the country and the role it plays there. We want to participate fully in government and we are ready to do so. Georges Marchais has stated this and I restate it.

[Question] Give me a figure. What does this place represent?

Charles Fiterman: I can give you no figure now. Let us be serious. I do not even know how many ministers there will be. So I cannot answer you in this way. But, to say: full participation.

[Question] Charles Fiterman, under the circumstances, do you believe that a meeting between socialists and communists is necessary and possible?

Charles Fiterman: Listen, in view of what I have told you and of what has happened, I cannot see what could be the purpose of such a meeting. In the past, we have already used the method of summit talks, which were considered to be a matter of priority, and the method of summit accords, and we know what were its results. This does not mean that we have given up the idea of union and change, absolutely not. But we believe that such a new union, which is necessary, and change, which must be imposed, should be preceded by the formation of a majority people's movement in the country. They should be preceded by the mustering of forces of change, of those who want real change. These forces must come together, express their ideas clearly and firmly and be able to take steps in the right direction.

Well, Georges Marchais' candidacy has given them such an opportunity. It represents the point of support which they need.

Therefore, everything depends on the results which this candidacy achieves on 26 April 1981.

CSO: 3100

RFR'S STRATEGY, PROBLEMS, GOALS IN 1981 ELECTION

Paris LE MONDE in French 10 Jan 81 p 10

[Article by Andre Passeron: "Gaullists Still Divided But Once Again Confident"]

[Text] How are the main political currents making preparations for the presidential elections of 26 April and 10 May?

We examined the situation of the socialist party whose candidate, Francois Mitterrand, should be officially nominated at an extraordinary congress to be held on 24 January (LE MONDE, 30, 31 December 1980 and 1 January 1981). In its 7 January issue LE MONDE reviewed the preparations underway at the UDF [French Democratic Union] and the Elysee Palace.

Following is a review of the precampaign preparations of the two candidates who are currently seeking Gaullist support and the preparations made by the RFR [Rally For The Republic] machinery.

Never before has the Gaullist movement been in such poor condition as now, only four months away from an important electoral deadline. Its split prevents it from approaching this trial with a positive perspective, i. e., with a serious hope for victory. Conversely, as Andre Diethelm was saying in 1947, the period of the RFF [Rally of The French People], it could always repeat that, "we still exist because we can destroy." This is a poor solace for a movement which led the country and held all command positions from 1958 to 1974.

It is true that for the past 11 years the Gaullist movement has been somewhat mistreated by political events even though it has been able to note, not without bitterness, the posthumous, even though partial, triumph of its doctrine.

Crippled by De Gaulle's departure in April 1969, and partially reassured by the election of Georges Pompidou, the Gaullists were unable to keep the power for one of their own in 1974 and their contradictions worsened. The 1976 recovery achieved with the founding of the RFR unquestionably enabled them to retain the most important group in the national Assembly, following the 1978 legislative elections. This success, however, was quite limited for it was not immediately exploited by the winners who even let the head of state benefit from their victory. They also offered Chaban-Delmas the opportunity to pay Chirac back in 1974 by becoming president of the National Assembly despite the opposition of the official machinery of the movement.

Finally, for the past 2 years the behavior of deputies who criticize the government yet vote for it has confused their supporters and given cause to the occasionally scornful irony expressed by Prime Minister Raymond Barre who has described the emotional pace of the RPR as "as many repeated false pregnancies."

However, during all that time, the tireless activities of Jacques Chirac, president of the movement as of 5 December 1976, and mayor of Paris since 1977, has made it possible for the RPR to remain a political force able to resist the onslaught of its adversaries and of its allies, even though the European elections of 10 June 1979, an area in which the Gaullists felt particularly uncomfortable, had shown a substantial decline in the percentage of votes (16 percent) compare with the results of the legislative elections held the previous year (22.6 percent). The internal opposition of the Gaullists, members of the majority to Barre's government and the Giscard d'Estaing became even stronger as of then without, however, eliminating the ambiguity of an unsanctioned critical behavior.

Lacking the leadership of an uncontested charismatic leader such as de Gaulle, the Gaullists have become somewhat scattered. Rivalries which the idea of "companionship" had long suppressed or concealed from the public, slowly emerged into the open. Various trends cracked the monolithic bloc. Even though today Gaullism is somewhat claimed by everyone, it is nevertheless true that Gaullists may be found throughout the political spectrum.

The fact that there is no organic contact with the socialist or the communist parties, as was the case in the period of the union of the left is essentially due to the fact that Jean Charbonnel returned to the fold of the RPR. He was president of the Federation of the Republicans for Progress headed today by Pierre Dabiez, Paris councilman (not included yet elected on the basis of a list of the union of the left). More to the left, the Democratic Labor Union, headed by Jacques Debu-Bridel, is still supporting the program of the National Resistance Council and will support Mr. Nicolo as its candidate.

On the other extreme, the firm and open supporters of Valéry Giscard d'Estaing are not very numerous. Robert Galley, alone, minister of cooperation who was also appointed minister of defense, indicated that on 26 April he will vote for the present chief of state. The other RPR members of the government have made it clear that they did not know whether or not Giscard d'Estaing would solicit a second mandate.

It is true that those who, within the Gaullist family, consider themselves the "legitimists" have strangely found in the candidacy of Michel Debre, announced on 30 June 1980, a spare solution which saved them from presenting themselves either as supporters or breakers of the majority. The former prime minister has received the support of 28 deputies and five senators and is hoping for about a dozen more. They include a number of deputy ministers and parliamentarians known for their criticism of Mr. Chirac. Debre has also drawn up two lists of 150 names of personalities who played a role in de Gaulle's time during the war or in the course of the first Gaullist steps, many of whom have not found a proper place in the RPR of 1976.

The very severe grievance which Mr. Debre has against the current chief of state ("France has wasted its time for seven years," he declared on 10 September) has

not rebuffed a person such as Leo Hamon or bothered other personalities who have been so far more tolerant of the current chief of state, such as Olivier Guichard, Gilbert Grandval, president of the Gaullist Union For Democracy, Roland Nungesser, president of the Carrefour du Gaullisme, or Jacques Chaban-Delmas, president of the National Assembly. It is true that they are hoping that after the first round they will switch the vote in favor of Debre to Giscard d'Estaing and will thus appear as purveyors of final victory. Could it be that the support received by Debre reveals the emergence of a "Giscard-Gaullist" current? Is this the reason for which the "Giscardians" do not blame Debre for anything? Within the framework of this hypothesis a plan for a new "legitimist" Gaullist movement has been even secretly studied. It is doctrinally based on the updated 1969 "new society" idea.

Some of Mr. Debre's supporters, nevertheless, regret that his meetings in the provinces are not better attended and that his "testimony" is not having a greater influence, particularly among the young, the cadres, the workers or the farmers, whereas he is quite well understood by the old Gaullists. Debre, who will increase his trips, thus emphasizing his resolve to follow to the very end and make his campaign more popular, suddenly attacked Chirac, on 9 December, in the RTL-LE MONDE broadcast, charging him, should he become a candidate for the nomination, of being "responsible for the split in the Gaullist family." This sudden aggressiveness was, in fact, due to Debre's annoyance. He suspected Chirac's circle of spreading the rumor that his campaign was starting poorly and that he would withdraw before the balloting. The problem of the withdrawal of Debre's candidacy is, indeed, exciting the Gaullist political circles. While the candidate is firmly reiterating that he will keep running at all costs, some of his own friends do not exclude the possibility of his withdrawal should this gesture facilitate the success of another Gaullist candidate who, naturally, could only be Jacques Chirac.

Chirac Ready in February

However, the mayor of Paris remains just as mysterious as far as his intentions are concerned, intentions which he will reveal only at the beginning of February. Even though only two months ago the RPR membership was quite divided on the subject of the eventual candidacy of the president of their movement, the climate suddenly changed on 23 November. In effect, that day, in seven districts where partial legislative elections were taking place, candidates supported by the RPR garnered 24.67 percent of the vote. Could this sweep have washed away the insulting results of the "European elections?" As of that moment, the RPR which, since the previous summer had not directly accused Barre in order better to emphasize the personal responsibility of the chief of state in terms of the country's leadership, gained new hope. "Everything is abandoning the leadership," said Bernard Pons, RPR secretary general, who even claimed on 21 December, addressing the central committee, that "if Giscard d'Estaing is the candidate all indications are that he will lose." This possibility which, for the time being, is more the result of propaganda than of a scientific analysis, is also based on a worsening of the image presented by Giscard d'Estaing around the country, as noted by RPR departmental delegates.

Therefore, the machinery of the movement is preparing to join the campaign for Chirac should he be supported by the extraordinary congress which will take place

mid-February. For the past few months, however, a sort of think tank has been in the making. Charles Pasqua, senator from Haute-de-Seine and former national delegate of the RPR in charge of promotion, has been secretly working on the development of a full campaign strategy. His great practical experience in the matter and the close contacts he has retained with the movement's cadres and his successes in previous similar undertakings make him a valuable cog for putting in motion the RPR "machinery." The necessary paper, slogans, posters, billboards and propaganda groups will be ready as of the end of January. Other task forces are also being set up most secretly. Chirac himself, who is no longer surrounded by "political advisors," both private and privileged, is considering the future himself.

The leaders of the Gaullist movement has become aware of the fact that the candidacy of Jacques Chirac, whose sole purpose would be to let Giscard d'Estaing be defeated by Mitterrand, would be unable sufficiently to mobilize the majority voters. Therefore, they have deliberately decided to proclaim that the success of their candidate was possible and that he would thus provide an alternative within the majority. They are equally convinced, however, that if Chirac does not place second in the first round some of the Gaullist voters, assessed at about one third of the total, will not vote in the second round for Giscard d'Estaing. Therefore, as was stated at the meeting of the central committee, "nothing is lost and everything is possible." Therefore, it is with the possibility of a Mitterrand victory that the RPR is already preparing itself for the legislative elections officially stipulated to be held in 1983 but which could arrive sooner as the result of a socialist success in the presidential elections. The Gaullists are planning to have a candidate in each electoral district, give or take a dozen, and are confident that, as the beneficiaries of a balancing movement, they will emerge the winners of this competition and in control of the parliamentary situation.

It is also on the basis of this estimate that the RPR Gaullists are still refusing to describe the actions which their candidate will take between the two presidential rounds should he be eliminated in the first. Should Chirac be a nominee, his campaign would be short but lively. He would not attack the chief of state personally but would draw up a "statement of failure" of the 7 years of presidency and will try, above all, to present a specific program for change. This type of behavior would not conflict with that of Debre. Several times weekly Jean Meo, deputy secretary general, is already delivering speeches throughout the country on the economic doctrine of the RPR, as included in the book "Atout France" [France as The Trump Card] and is distributing numerous pamphlets.

The reason that the Gaullists are far more concerned with the candidacy of Michel Debre than that of Mrs Marie-France Garaud is because they believe that the latter, should she be nominated, may draw a greater percentage of the vote more to the right of the Giscardian than the Gaullist movement. Her doctrine, which is essentially focused on the dangers of Soviet expansionism, is trying to make itself be known only through the press and the audio-visual media which, for the time being, are not being very receptive. The candidate will soon promote her campaign with a book-manifesto (editions du Seuil). However, it would be difficult to determine the impact of her declaration as a candidate since 23 October. No parliamentarian has as yet supported her and her organization throughout the country is developing slowly.

After yet another somewhat agitated crossing of the desert and after having renovated the cadres and their supporters, the Gaullists have suddenly developed the feeling that they have been given yet another chance.

CAUSE OF ARIANE LAUNCH FAILURE DETERMINED

Paris L'AERONAUTIQUE ET L'ASTRONAUTIQUE in French No. 5, 1980 p 67

[Text] Failure of the second Ariane L-02 launch on 23 May 1980 was the consequence of combustion instability at high frequency (over 2,000 Hz) occurring in one of the four first-stage engines 5.75 seconds after ignition.

This extremely violent phenomenon, lasting 3/10 of a second, suddenly altered the characteristics of the injector, whose deterioration led to destruction of the HO+64s engine. The fire which followed in the propulsion bay resulted in destruction of the launcher 108 seconds after takeoff.

Extensive and meticulous analysis of telemetry, appraisal of damaged components recovered at sea, experimentation on the engine test stand*, acoustic simulation, and fabrication and control investigation were necessary in order to reduce progressively the range of hypothesis, and finally to reproduce on the test stand the behavior of the faulty engine.

In particular, it was proved that the cause of motor failure could not be external to the engine itself, and the hypothesis of the presence of a foreign body (label, filings) at the time of ignition was eliminated. Moreover, interference by acoustic phenomena between launcher and ground at the moment of takeoff is weak, and remains comparable to what was observed during ground qualification tests.

Work by SEP [extension unknown], ONERA [National Office for Aeronautical Studies and Research], SNLAS [National Aeronautics and Space Engineering Company], and CNES [National Center for Space Studies] specialists permit the conclusion that high-frequency combustion instability in the D engine was brought about by a dispersion of fuel injection system characteristics in the combustion chamber.

*37 tests from July to mid-October 1980.

This dispersion is very probably the consequence of slight variations in fabrication from one unit to another, as to certain geometric characteristics whose sensitivity had not become apparent during the numerous tests (nearly 200) made in developing the engines, and for which it had not been considered necessary, in view of results obtained, to impose more stringent fabrication tolerances. Indeed, a very lengthy process of research and correlation with development tests has made possible identification, among some 30 groups of controlled parameters for each injector, the influence of suspected characteristics.*

To resolve this problem it was decided jointly by ESA [extension unknown] and CNES--at SEP initiative and after approval by a review panel consisting of independent experts--to revise injector fabrication tolerances and to institute screening of those components at the engine test stand.

Third Test to Take Place in March 1981

This program, subject to the satisfactory progress of tests planned from now to the end of the year, should permit equipment of the Ariane L-03 launcher with injectors so selected, and should provide good technical conditions for a launch which should take place during the second fortnight of March 1981.

Under such conditions the fourth and last in-flight test would be planned for June 1981, which would lead to an anticipated first operational launch in October 1981, and would not affect the subsequent operational program.

Ariane launcher development has been financed since 1973 by 10 European countries belonging to the European Space Agency.

Its first in-flight test (L0-1) on 24 December 1979 was a complete success.

This launcher has a weight at takeoff of approximately 200 tons, and consists of three stages totaling 47 m. in height. Ariane can place 4.5-ton satellites in low orbit, and 1-ton satellites in geostationary orbit.

*To be noted, moreover, is the extreme complexity of an injector which has nearly 1,000 injection nozzles, and whose fuel and oxidant output must approximate 250 kg/sec.

GUADELOUPE, MARTINIQUE, GUYANA: STATUS OF TERRITORIES

Models of French Society

Paris LE MONDE in French 31 Dec 80 p 10

[Text] In a few days it will be 2 years ago. In effect, it was on 6 January 1979. On that day, when he received local elected representatives at the residence of the prefect at Bas-du-Fort in Gosier--where he had just been staying once again--Valery Giscard d'Estaing confirmed the "new fact" of French overseas policy, as it had been presented a few days before at Pointe-a-Pitre by Paul Dijoud, on the occasion of the first interregional conference of the Antilles and of Guyana:

"The French departments in America must appear as an exemplary demonstration of the capacity of French society to organize its development, its system of justice and its progress," declared the chief of state. "Naturally, the pursuit of economic and social development is the priority task to which France, together with her citizens in the Antilles and Guyana, will henceforth be devoted. The French departments of America, whatever their individual character and constraints, are called to make up the arrearages which still exist." "Thus," added the president, "in the next few years we will succeed in making these departments into an example of what French society is capable of doing in terms of economic progress, in terms of social justice and in terms of democratic freedom."

Two years after this speech, what is the result of the application of the policy of conversion to department status conducted by the government?

To the credit of Paul Dijoud [secretary of state to the minister of the interior in charge of overseas departments and territories] it is appropriate to report the preparation and the initiation of a detailed program of economic development, prepared in collaboration with local elected representatives of the government majority and the representative chambers of the three departments, summarized in June, 1979, in the charter of the "20 Basic Points" ["Vingt points d'appui"]. It is also appropriate to take note of the cancellation of certain commercial privileges and wage concessions perpetuating the colonial period, as well as the improvement of social security protection for overseas citizens, the last step to date having been the extension to the overseas departments of the metropolitan system of unemployment payments.

Considering the delays and equivocations that accumulated in the past, this appears, therefore, to be a relatively positive result. "A simple comparison with the living levels of the people of the other Caribbean islands provides evidence of the extent of the path we have covered," wrote Jean-Paul de Rocca-Serra (RPR), reporter of the Committee on Finance of the National Assembly for overseas departments, a few weeks ago, on his return from a trip to the Antilles.

For the parties of the government majority, these facts constitute so many causes for satisfaction.

Nevertheless, the negative side of the balance sheet is still substantial: a shortage of productive investments; the economic dependence of the Antilles and of Guyana on metropolitan France is not going down (the rate of coverage of imports by exports in 1979 was only 7 percent for Guyana, 19 percent for Guadeloupe and 20 percent for Martinique); unemployment, depending on the department, affects from 20 to 30 percent of the work force (the number of applications for jobs which officially have not been satisfied has gone, between 1978 and 1979, to 15 percent in Guyana, 34.4 percent in Martinique and 37 percent in Guadeloupe); administrative burdens continue to slow the application of numerous laws and massive financial aid from metropolitan France (in 1979 transfers of funds from metropolitan France reached F 533 million for Guyana, F 1560 million for Martinique and F 1802 million for Guadeloupe). These transfers of funds remain the only way of avoiding a fall in the living level of the population.

For the opposition parties this fact provides evidence of governmental inadequacy.

Between the optimism of some and the despair of others, the contrast sometimes reaches a paroxysm; periodically, tension mounts. This is presently the case in Guyana and in Guadeloupe. This is particularly the case in Guadeloupe where, in a period of 9 months 11 attempted murders have taken place, resulting in 1 death. The latest of acts of terrorism caused damage to Raizet airport 2 days after the arrival of the president in the department (LE MONDE of 30 December). Also in Guadeloupe a mysterious group favoring independence demanded that metropolitan French leave the island before 31 December.

However, there also remain confidence and a spirit of enterprise. Young industrialists from metropolitan France announce that they are going to set up business, here or there, to exploit the resources of the surrounding waters or "deposits" of new energy sources.

Beyond the political cleavages everyone is in agreement, for the rest, in underlining the fact that the nation as a whole must increase even further its efforts in favor of our fellow citizens overseas. However, everyone is also in agreement that local elected representatives and local officials must mobilize themselves to ensure that these efforts find necessary support locally.

On all sides there remains to do, in effect, so that the departments of the Antilles and of Guyana become, as Giscard d'Estaing wishes them to be, exemplary "show windows" of French society on the "balcony" of the American continent.

Relationship with EEC Countries

Paris LE MONDE in French 31 Dec 80 p 11

[Text] An international meeting aimed at promoting cooperation between the French departments of the Antilles and Guyana and the countries of the Caribbean zone which are signatories of the Lome convention (Jamaica, Barbados, Trinidad and Tobago, Surinam, Guyana) is to take place at the end of February, 1981, in Pointe-a-Pitre. This initiative has been encouraged by the secretary of state for overseas departments and territories and favorably received by the commission of the European communities. According to Yves Pravas, president of the Chamber of Commerce and Industry of Pointe-a-Pitre, this initiative should permit the preparation of regional cooperation agreements concerning, especially in the first stage, the prevention of natural disasters, the improvement of air and sea communications, sanitary and disease prevention activity and the development of new sources of energy.

Better late than never. It took the judgment handed down on 10 October 1978 by the court of justice in Luxembourg on the "Hanson Affair"--a minor dispute--to obtain recognition that the overseas departments of France are considered to be full members of the European Economic Community. Immediately, thereafter, the French government demanded the full application of the Treaty of Rome to each of the overseas departments and in particular the consideration of the specific economic interests of the Antilles and of Guyana on the occasion of the renewal, in 1979, of the Lome accords which had been concluded in 1974 between the EEC and some 50 countries of Africa, the Caribbean and the Pacific. (These are referred to as the "ACP countries.")

On the whole, the demands of France were met, in this regard.

Until then the Lome accords, which instituted a zone of free trade between all the signatories, not only left the overseas departments of France in direct competition with them, both in their own markets as well as in European markets, for tropical products from the ACP countries--which benefited from a total tariff advantage for their exports to the Common Market--but also the overseas departments of France could not benefit from the same tariff advantages in the markets of the ACP countries because of the principle of non-reciprocity established by the EEC. The discrimination suffered by the overseas departments was all the greater, since the competition between them and the ACP countries was distorted by differences in relative costs of production, which were 5 to 10 times less in the ACP countries. These lower production costs were the result of weakness in their social security protection and low levels of wages and salaries. As a result of this potential investors were encouraged to establish themselves in the ACP countries bordering on the overseas departments in order to have access to the markets of these departments under very advantageous, competitive terms.

For the most part, these anomalies have been eliminated in the Lome II accords, as the French overseas departments have been excluded from the application of the accords for their most sensitive products: sugar, rum and bananas.

Some Reservations

Article 10 of the Lome II convention provides for the implementation of a safeguard clause with the eventual purpose of protecting the French overseas markets. Article 13 provides that consultations prior to the application of the safeguard clause will not be an obstacle to immediate decisions, when "particular circumstances" have made that decision "necessary."

In addition to help from the different European assistance programs, the solidarity of the EEC was also shown by the aid provided to Martinique and Guadeloupe after cyclones had hit them.

However, the countries of the EEC remain divided over the suitability of helping the French government engage in major equipment and development work in its overseas departments. Thus, the Federal Republic of Germany, last November, was opposed to the application of the investment plan proposed in July by the EEC for the overseas departments.

In Paris it is considered that such an attitude reflects a short-range analysis. It has been remarked that the support of the EEC for France could permit our country to play a moderating role in this part of the world. Only the fruitful cooperation of the independent countries of the Caribbean with France, with the help of European assistance, could provide these countries, it is stated, with a means of escaping the ideological rivalries of the two world "blocs." In this sense the February meeting in Pointe-a-Pitre will also have diplomatic interest.

French Aid to Territories

Paris LE MONDE in French 31 Dec 80 p 16

[Text] The directing committee of FIDOM (Investment Fund for the Overseas Departments), which met 18 December under the chairmanship of Paul Dijoud, has proceeded to the earmarking of its credits for the overseas departments for 1981.

Under the heading of the general section of the fund, relating to the direct action undertaken by the state or action by the state involving all of the departments, the overall total represents F 110.8 million. The principal activities are:

--Irrigation programs in Guyana (F 20 million), in Guadeloupe (F 10.2 million) and in Martinique (F 8.5 million). The program under way in Reunion will receive F 3.7 million.

--The modernization of the sugar industry in Guadeloupe (F 4 million) and in Martinique (F 4.5 million). The credit earmarked for Reunion amounts to F 4.3 million.

--Aid to industrialization: F 11.5 million for all of the overseas departments.

--Cultural activity: F 1.0 million (for all overseas departments).

--Construction of forest roads in Guyana: F 6.7 million.

--Development of the Leeward Coast in Guadeloupe: F 1.5 million.

--Land reform in Guadeloupe: F 2.7 million.

--Development of new sources of energy: F 1.2 million.

Under the heading of the departmental of FIDOM, which finances projects chosen locally by departmental or regional assemblies, the overall total represents the same amount: F 110.8 million.

The directing committee has divided this total in the following way:

- Guadeloupe: F 27.4 million
- Guyana: F 10 million
- Martinique: F 25 million
- Reunion: F 34.8 million
- Saint-Pierre et Miquelon: F 4.5 million
- Mayotte: F 9 million

Overall, the geographic division of FIDOM credits will be the following (all sections taken together) in 1981:

- Guadeloupe: F 45.8 million (compared to F 44 million in 1980).
- Martinique: F 38 million (compared to F 31.7 million in 1980).
- Guyana: F 38.2 million (compared to F 38.5 million in 1980).
- Reunion: F 47.8 million (compared to F 45.9 million in 1980).
- Saint-Pierre et Miquelon: F 7.5 million (compared to F 4.5 million in 1980).
- Mayotte: F 17.5 million (compared to F 13.3 million in 1980).

The total amount is F 221.46 million, to which will be added the F 17 million provided through amendments in the course of the debate on the budget which took place in Parliament, whose ultimate division will take place later.

5170

CSO: 3100

TIGHTENING OF IMPORT RESTRICTIONS REPORTED

Athens HELLENES EXPRESS in English 15 Jan 81 p 2

[Text] The Ministry of Trade has written to the Ministry of Industry, under ref: EB/8688/2734 requesting rigorous tightening of restrictions upon the issuing of certificates by the latter which render possible importation of raw material, finished articles, etc. on credit supplied by overseas shippers. In future such imports on credit are to be allowed only when all three of the following conditions apply:

- the goods are raw material for industry and artisanat products;
- the goods in question are not produced in adequate quantity and quality in Greece;
- the economic significance of the finished article in Greece justifies such preferential import treatment.

The Ministry of Trade goes on to explain that, when goods are bought abroad on credit, their price is correspondingly higher and that to restrict the number of articles for which payment on credit is permissible does not contravene any of Greece's international commitments.

For months, HELLENES has stressed that, no matter what may have been agreed with GATT, the EEC or anybody else, one cannot escape the fact of heavy adverse balances of trade and, despite surpluses in successive balances of invisible transactions, heavy adverse balances of payments, that for 1980 being estimated at something very close upon \$2,000 million (i.e. about twice the total gold and foreign currency reserve at the end of 1980). What is now occurring has therefore surprised no-one whose memory is capable of covering even the more recent past, only. First, in the second half of 1979, we had a form of direct import restrictions. Then, through most of 1980, there was the "voluntary imports restraint" arrangement. Now, there is an arrangement whereby pro-forma invoices whose price structure does not conform with a set framework, cannot be processed directly by mediating banks but must be referred for visa to the Bank of Greece. This is happening to an increasing degree and the accumulation is already such that, whereas it had been promised that approvals or otherwise would be given to mediating banks

with five days after submission of the pro-forma invoices, a month at least will be required to process those already submitted while the backlog is swelling daily, allegedly because of vagueness in circular instructions to commercial banks issued by the Bank of Greece. This makes the former hesitant about processing shipping documents and more inclined to refer each case up to the Bank of Greece, "just to be on the safe side." In a way, the Bank of Greece is now trying to do what experts at Chamber of Commerce had been doing for years. The excuse has also been given that these new conditions have resulted from the procedures required after accession to the EEC but it does not explain why proper and full instructions were not issued months ago.

One cannot help reflecting that, if imports of a wide variety of goods can be held up for procedural reasons for a month or two (exports are suffering to a lesser degree and even if hampered to an equal degree, would still represent a ratio of one to three on the balance of trade account) the fact could give the balance of payments a boost.

CSO: 4908

CHEAP FOOD IMPORTS TO COUNTER PROFITEERING

Athens HELLENES EXPRESS in English 15 Jan 81 p 3

[Text] The Government has made a step forward with its recent threat to hit back at profiteering in foodstuffs. It was announced that the Currency Committee has authorised banks to finance controlled agencies (cooperatives of retail grocers and butchers, Elviok, S.A. and even individual importers) up to a total of Drs. 500 million to be used for imports from EEC countries of dairy products, meat and certain other foodstuffs. A special law (3% rate of interest will be charged on the condition that goods thus imported will be sold retail at a margin below the official fixed prices (Editor's comment: It is not seen exactly how this can work in conjunction with the stated official policy of allowing a free market to develop). Meanwhile, talks are in progress between the Ministers of Coordination and of Trade with representatives of the foodstuffs trade on the subject of the abolition of Regulation No 2600 so that, in due course, when the market has regained its equilibrium, it may become possible to abolish Police control on prices.

Meanwhile, the Deputy Minister of Trade, Mr. S. Tataridi admitted on the 9th of this month that Greek market control legislation was antiquated and far from what was in practice in the EEC. Gradual re-alignment of such legislation would have to be undertaken (i.e. it had not been undertaken during all these years when Greece was supposed to be preparing for entry into the EEC).

CSO: 4908

HELLENIC OIL REFINERIES GRANTED MORE FREEDOM OF ACTION

Athens HELLENEWS EXPRESS in English 15 Jan 81 p 4

[Text] Hellenic Oil Refineries (State-owned) are being given a greater measure of flexibility in management. Presidential Decree 1122, gazetted under ref: 282/A/13 Dec. 1980, revises the relationship which existed between the refinery and the State, since 1976, when it was nationalised. Under the new arrangement:

1. The State will supply its refinery with crude oil purchased for the refinery's account, instead of delivering State-owned crude oil for refining on a piecemeal contractual basis at a given per ton fee.
2. The refinery acquires the right to import freely its crude oil requirements.
3. The State will sell to the refinery crude oil at the official world prices.
4. The refinery is free to transport crude and finished petroleum products from storage tanks, by its own means or by hired facilities to its installations.
5. The refinery may, with State approval, import, export or exchange petroleum products, on its own initiative, if it feels that in so doing, it may be correcting any shortages or surpluses which may be occurring.
6. The refinery is free to subcontract refining jobs.
7. The State can delegate to the refinery, the borrowing of funds, exchange deals, storage and construction of any storage project for liquid fuels.

CSO: 4908

BRIEFS

MESSOLONGI CHEMICALS PROJECT--In its sixth year of existence, ELEVME (Hellenic Industrial and Mining Investments Co S.A.--State-owned) has written letters of intent to Britain's Constructors John Brown Ltd and to Sinchem (also UK), in respect of a 50,000-ton-per-annum high density polyethylene factory, using the Union Carbide patent process and a 70,000 ton-per-annum low density unit, using the I.C.I. method. Both factories will be sited near the Messolongi lagoon. ELEVME also intend to put up a 43,000 ton-per-annum PVC plant in the same area but it is not yet known if any choice of firm to construct it has been made. The cost of the total complex has been estimated at \$304 million of which share capital will cover \$55 million, an interest-free loan from Budget funds a further \$100 million, overseas credit will cover a further \$124 million while the State will undertake the cost of infrastructure work covering the remaining \$25 million. [Text] [Athens HELLENEWS EXPRESS in English 15 Jan 81 p 3]

CSO: 4908

GOVERNMENT REVIEWS POLICY OF NEUTRALITY

LD281227 London THE DAILY TELEGRAPH in English 28 Jan 81 p 8

[Dispatch by Paul Potts: "Eire May Seek Friendship Deal With Britain"]

[Text] Dublin--The Irish Government is reviewing its traditional policy of neutrality and may offer Britain a bilateral defence agreement in return for concessions on the political future of Northern Ireland.

In what would be a major departure in Eire's foreign policy, Mr Haughey, prime minister, is prepared to include defence matters in talks between the two governments following his highly successful meeting with Mrs Thatcher early last month.

There is no official confirmation of the proposal.

But it is understood that such an agreement could be drafted into a specific Anglo-Irish friendship treaty arising out of the joint studies agreed between the two leaders.

Mr Haughey is known to have discussed with his advisers the possibility of such an arrangement as well as ways of establishing closer consultation between the two countries on foreign policy matters, although there is no question at this stage of the republic joining NATO.

Much of the Dublin government's thinking is based on the reality that sooner or later they will have to abandon the stance of neutrality, particularly if the Common Market moves towards creating a common defence policy.

Although a defence agreement, either directly with Britain or under the umbrella of the EEC, will be highly controversial in the republic, Mr Haughey is said to be ready to take that gamble, even at election time, if he can gain some movement from Britain on the question of Northern Ireland.

However his demands may be too great for Mrs Thatcher to accept, even though her tough line on defence and the strategic importance of Ireland will make the proposal extremely attractive.

As a first step the republic is looking to Britain to end the constitutional guarantee of self-determination for the people of Ulster and declare an interest in the unity of Ireland.

These political demands are expected to occupy much of the time of the special committee formed at the summit to consider "the totality of relationships within these islands," an expression which was never clarified but caused considerable alarm and uncertainty among unionists in Northern Ireland.

Mr Haughey is said then to favour a proper Anglo-Irish friendship treaty along the lines of the Franco-German friendship treaty of 1963 within which the Ulster problem could be given a wider dimension, with discussion by all interested parties.

The basic aim of the less controversial joint studies, such as those on energy, transport, communications and voting rights is to remove the mental scar caused by the border.

This would enable cross-border economic and social cooperation to flourish under formally-agreed institutions, covering such areas as a common energy pool, inter-connectors for electricity and gas supplies, industrial development and transport arrangements.

CSO: 3120

BRIEFS

SHIP, AIRCRAFT SALES--Manila, 26 Jan--The Philippines is interested in arms from the Netherlands. This became known during Economic Affairs Ministry Undersecretary Beyen's recent visit to the Philippines with the Holland Expo Traveling Exhibition. Beyen exchanged ideas with President Marcos on the possible supply of a corvette and a number of Fokker F-27 troopships. Fokkers are not unknown in the Philippines. The National Airline already uses F-27's for its domestic flights, and later this month the first of two F-27's maritimes will be handed over to the Philippine Navy at Schiphol. The Philippine Army now wants to purchase five or six F-27 troopships. President Marcos also let it be known in his talks with Mr Beyen that the Philippine Navy was very interested in a warship of the corvette class, built by the Rijn-Schelde-Verhole [RSV] concern. A Philippine general, who is also one of President Marcos' advisers, said that an RSV corvette would be most welcome, because "our navy has up to now had to make do with U.S. rejects." [Excerpt] [LD291609 Rotterdam NRC HANDELSBLAD in Dutch 26 Jan 81 p 1]

CSO: 3105

BOURGEOIS PARTIES UNITE, GAIN IN POLLS AS LABOR WRANGLES

Stockholm SVENSKA DAGBLADET in Swedish 31 Dec 80 p 4

[Article by Thomas Knutzen: "Bourgeois Unity Before Next Election"]

[Text] Oslo (SvD). The three bourgeois parties, Conservative, Christian People's, and Liberal, are probably going to make an announcement about government cooperation before the Storting election in September.

The door has thereby probably been closed to the appeals for cooperation from the chairman of the Labor Party, Reiulf Steen, to the parties in the center. The disastrously bad figures in the opinion polls have caused the Labor Party recently to begin discussing the idea of cooperation across bloc lines in Norwegian politics.

Norway opposes a long election campaign. During the spring months, however, attention will be focused on the internal problems in the Labor Party. The party will have its congress in May.

Difficult Situation

The difficult situation in the Labor Party was illustrated with full clarity in the three opinion polls which were publicized at the end of December. In two of the polls the Labor Party was barely overtaken by the Conservative Party. In the third the parties were equal.

But it is not so much the progress of the conservatives which should cause reflection. The Labor Party is undergoing a steady decline, and since the election three years ago the party has declined by 9 to 10 percent.

According to the latest poll which DAGBLADET publicized just before the new year, 150,000 Labor Party voters are hesitant and do not know how they will vote. Of those who previously voted for the Labor Party only 72 percent are certain that they will do the same again.

Mobilization Possible

But although this may indicate the need to mobilize the reserves, few expect the Labor Party to go down by 30 percent in the election results.

It should be as great a challenge to the center parties as to the Labor Party that the conservatives dominate the bourgeois side, said Reiulf Steen. He does not reject cooperation between the Labor Party and the two other parties in the middle, the Christian People's Party and the Center Party.

But his courtship is not taken very seriously. The Liberal Party, which has held itself outside the bourgeois three-party group, also considers that the Labor Party needs a rest. The liberals will therefore cooperate toward a bourgeois government if their votes are decisive.

Leadership Problems

The Labor Party has political difficulties as well as leadership problems. The leadership debate is expected to continue until the party congress, and many observers doubt whether the problems are going to be solved there. Neither Prime Minister Odvar Nordli nor party chairman Reiulf Steen is a great star within the party and many are looking for a strong man or woman who can gather all the reins in one hand, put an end to the disorder, and restore the status of the party.

9287

CSO: 3109

PAPER COMMENTS ON LATEST POLL SHOWING FURTHER LABOR DROP

Stockholm SVENSKA DAGBLADET in Swedish 2 Jan 81 p 2

[Editorial: "New Norwegian Opinion Poll"]

[Text] The day before New Year's Eve the newspaper DAGBLADET in Oslo published the last measurement of political opinion in Norway for 1980. The Conservative Party showed an increase of 4.7 percent, and the Labor Party showed a decrease of 3.7 percent.

This poll also showed that the conservatives had surpassed the Labor Party by 33.3 percent against 33.0 percent. When this happened in another poll 2 weeks ago party historians wrote that for the first time in 60 years the Conservative Party had taken the lead.

Naturally one should not attach too much importance to a difference of a few tenths of a percent in an opinion poll. The interesting feature of this so-called Norwegian development is that the Conservative and Labor Parties are equal. With the Center Party and the Christian People's Party--the government alternative in next year's Storting election--the Conservative Party has 50.8 percent of the voters behind it. The Labor Party and the Socialist-Left Party have 39.1 percent of the voters.

It must be even more troubling to the Labor Party that as many as 16 percent of those who voted for the party in 1977--150,000 voters--answered "don't know" when asked which party they would vote for if the Storting election were held in December. On the other hand 87 percent of the Conservative Party voters from 1977 said that they would again support the party in the 1981 election.

It is apparent that the work of the government has had a damaging effect on the reputation of the Nordli (social democratic) government. It lacks its own majority in the Storting, and is increasingly forced to seek support from the left and right. The tax reduction issue has driven the Conservative Party and the Labor Party together.

The burden of government can be heavy. In spite of everything the Swedish Governing parties, with 45 percent of the voters behind them, can feel more pleased than the Norwegian social democrats.

UNEMPLOYMENT REACHES HIGHEST LEVEL SINCE 1973

Stockholm DAGENS NYHETER in Swedish 9 Dec 80 p 31

[Article by Bo A. Ericason]

[Text] The job market is getting worse now. By the end of last November more people were reported as unemployed than during any November since 1973. A total of 96,000 persons (7.2 percent) were without a job, that is 20,000 more than at this time last year.

Along with this the total number of job opportunities has stopped increasing compared to figures for last November. The figures now show a decrease even. This, too, is a new development which has not occurred during any November in the mid- or late-seventies.

Last Monday this was borne out by new statistical information released by the Central Bureau of Statistics and by the Labor Market Board.

The statistical information further shows that:

--A total of 38,000 young people (5 percent) are unemployed. This is the highest November figure since 1973 and means that there has been an increase of 10,000 since November of last year.

--The rate of decrease of jobs in the industry has accelerated: last September showed 10,000 fewer employees than the same month of last year. Last October that figure had increased to 22,000 and last November it stood at 27,000.

--The regular increase of jobs within the national and local government has been stopped--the public sector, which used to grow year by year, today employs the same number of people as last year at the same time, namely 1.5 million.

--The number of job openings is still decreasing steadily while more and more of them require an education or experience. Today the industry has 40 percent fewer job openings than a year ago. In construction the job openings have been cut in half. Approximately 4 percent of the construction workers are unemployed at this time.

Tightening

This has led to a reduction of last November's figures to 3,000 fewer job opportunities than November of last year.

Even if this reduction is very small and uncertain and only reflects the developments for one month, this figure still is considered to confirm the fact that the earlier trend has been broken, that is, the rate of increase of new job openings has been reduced drastically, it may even have ceased altogether.

No November figures since the early seventies have shown a decrease in the total number of job opportunities in Sweden.

The reason for this is that market trends are getting worse at the same time as there is an economic tightening in the public sector.

Labor Market Board Sounds Alarm

During the last recession the number of job openings in the public sector increased so much that they compensated well for the jobs lost within the industry.

Even if the number of persons who are reported as unemployed has increased considerably, there are fewer persons involved in various programs sponsored by the Labor Market Board now than a year ago: 118,000 compared to 155,000.

But the support measures must be increased now. A week ago the Labor Market Board urged the government to allocate close to one billion Swedish kronor for relief work and expansion of training and education sponsored by the Labor Market Board.

The Board still has not received an answer. The government may not allocate the entire sum.

The recent deterioration of the job market is not unexpected, but it is happening much faster than expected. Chances are now that unemployment figures may pass 100,000 this month already.

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CSO: 3109

ECONOMISTS' REPORT SAYS GOVERNMENT HAS ONLY DELAYED CURES

Stockholm DAGENS NYHETER in Swedish 12 Dec 80 p 34

[Article by Jan Magnus Fahlatrom]

[Text] Hurry up and make the big leap, preferably during the spring of 1981! This call goes out to the Swedish Government from the economic section of the Research Association for Industry and Society. Last Tuesday the association presented its findings in a report entitled "Economic Policies for Stability in the Eighties."

By taking this leap, Sweden would head in a direction that would bring a slower rate of inflation, faster economic growth, better use of the work force and capital, national as well as international balance of the economy.

This leap, or "one-time adjustment," consists of a substantial reduction of the costs of trade and industry. The Council of Economic Research outlines several different methods for the government to choose from. The easiest drastic remedy would be a one-time devaluation of the Swedish krona by 15 to 20 percent in order to undervalue the krona, the report says.

Another way is to lower the payroll taxes by 10 percent at least and financing this by raising the value-added tax.

Another measure along the same lines would be a drastic lowering of the corporate tax, or doing away with it completely. This would put some life into the investments and would increase the solvency as well as the profitability of the Swedish economy.

These measures can be combined in various ways in order to bring about the same total result in the economy, says the Council. But some of them take time. A general price and wage freeze during the spring of 1981 would give the government time to discuss matters.

In reality a price and wage freeze at that time would have the potential for becoming a useful measure politically, if conflicts should arise on the labor market while inflation keeps a firm hold on the economy and exporting companies try to buck the economic situation abroad by substantial lay-offs, argue the economists of the Research Association for Industry and Society.

However, a price and wage freeze must be quite short. Before it is removed--say, by the new year of 1982--there must be the necessary conditions for an effective, lasting stabilization of costs. It is a matter of giving a flying start to a long-term, balanced growth.

The most important facet of such a long-term measure is that inflation be kept at 2 to 4 percent per year, says the Council. This is to be achieved mainly through the exchange on foreign markets. Swedish export prices are to be kept stable by tying the rate of the krona to a "basket" containing our most important export items instead of tying it to a basket of other currencies, as is done at present.

Another corner stone in this process of stabilization outlined by the Council of Economic Research is tied to wages. Members of the Council propose wage negotiations with a new design, namely negotiations done in two parts with "conditions" attached to each of these.

Initially the "foundation" is laid in the contract to guarantee a certain amount of real wages and to determine their distribution among the wage earners. The government is a natural participant in this part of the negotiations, since a person's take-home pay is affected by taxes and other political decisions.

After this stage the government exists from the scene of negotiations. Then employers' confederations and employees' unions negotiate the distribution of a possible surplus beyond the "foundation" to workers and investors. The bonuses that employees are entitled to can then be distributed according to the stipulations of the contract either in the form of shares or in some other way.

The Council of Economic Research assumes that Sweden will remain a decentralized market economy. But the different markets do not solve all the problems--far from it, they say in their report. There is a need for government investments especially in the area of energy.

"It is possible, for example, that attempts to export ourselves out of the present crisis in our balance of payments might be less effective economically. Perhaps better results would be achieved by a considerable increase in investments in order to replace oil with domestic energy and storing the expected surplus of electric energy. A substantial increase in efforts with regard to the substitution of oil as a source of energy is part of our vision of a new and more powerful set of policies," the authors write in their report.

This year the Council of Economic Research has consisted of Professors Ragnar Bentzel and Erik Lundberg, Assistant Professors Johan Myhrman and Hans Tson Soderstrom and Bengt Ryden, head of the Research Association for Industry and Society.

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CSO: 3109

PAPER BACKS ECONOMISTS' REPORT CRITICAL OF GOVERNMENT

Stockholm DAGENS NYHETER in Swedish 10 Dec 80 p 2

[Editorial by Nils-Eric Sandberg]

[Feat] "It is deplorable to discover that during the past year just about nothing of importance was accomplished in terms of restoring the Swedish economy or steering our economic developments in a healthy direction. It is true that the savings plan devised by the government was a call for a change of course, but the plan has not influenced the economic trends noticeably. In reality our problems with regard to the balance of payments have become more serious during the past year..."

This criticism is very severe and it almost seems justified. It comes from four economists--Ragnar Bentzel, Erik Lundberg, Johan Myhrman, Hans Tson Soderstrom--who make up the Council of Economic Research within the Research Association for Industry and Society. Their report, entitled "Economic Policies for Stability in the Eighties", presents the sharpest criticism of the government's economic policy that has been published since last week's long-term plans for Sweden's economy.

The difference between the two documents is that the report published by the Research Association for Industry and Society uses fewer words but more substantial arguments in its discussion of new strategies for stabilizing the economy.

The non-socialist governments' economic policies have consisted of a string of ad hoc moves which have been carried out with a systematic lack of principles. The necessary devaluation in 1977 came 6 months late. The 1978 savings plan which was prepared was postponed and replaced by measures to stimulate the economy during a positive trend. Government intervention in the collective bargaining process was unorganized and contradictory and ended up by the government forcing the Swedish Employers' Confederation to settle for a decision which went against the government's own economic evaluations as well as economic common sense. The savings plan was finally implemented during the fall of 1980 when economic trends were going down.

In addition, the same amount of criticism, at least, can be directed to the opposition which has not even accepted a correct description of our country's economic problem. There are just as many obstacles to an efficient economic policy in the irresponsible opportunism of the social democrats as there are in the government's weakness; the latter is partly a function of the former.

Well. The main argument of the Council is that the policies for economic stability be enforced with a certain stability. In our political debate this is a completely new idea which ought to be taken seriously.

In other words, the Council wants the government to establish certain rules for the economic policies, rules which must be respected by the various organizations and corporations. The main rule should be stable prices. This rule is to be enforced in two ways. Effective sanctions on the one hand: Corporations and organizations which, for example, make agreements which promote inflation will not receive government aid of any kind, like subsidies or devaluation. And, on the other hand, a standard for exchange which ties the Swedish krona to a particular index--that is, an index which permits the rate of the Swedish krona to rise in order to soften the blow of the international inflation. In order for the domestic inflation not to be directed by the economic policies of other countries the Swedish krona should not be tied to the value of the German mark, or to a currency index, but should be tied to a product index.

The members of the Council present a very sophisticated argument for such a mechanical standard of exchange. One objection is that a product index could slow down the rate of change in relative prices on an international basis and their subsequent chances of reaching Swedish decision makers. And if one wants to make that index sensitive to such changes--which are to influence the direction of our production--then a part of the desirable stability is lost.

The Council's recipe will certainly be criticized as politically naive: The economists are not taking into account the fact that it is very difficult politically for a government to implement a long-term, consistent policy which goes counter to short-term wishes from organizations or corporations. Certainly. But this country is already full of politicians and reporters and moulders of public opinion who consider nothing else than what is politically appropriate at the moment. This is why our debate needs arguments which use correct economic information as their point of departure. Reactions to the long-term plans for Sweden's economy--as well as reactions to the savings plan--demonstrate how effectively political blocks reduce all perspectives to a fight for marginal voters.

A few other objections to the Council's argument are also appropriate. The analysis of the reasons for the deficit in our balance of payments and investments is not giving enough consideration to the special structure of the Swedish industry as it compares to that of competing countries. It is probable that the extremely large amount of raw materials, the industry's production, capital reserves and processing value have contributed to the bad economy in Sweden.

From this point of view a lowering of relative costs would give a certain relief, but presents no definite solution. Turning the economy around with regard to the structure of the industry is a matter of at least a decade. And this process takes reforms of taxation on corporations as well as shares, which now lock up historic gains in antiquated companies, and consequently stop the gains from reaching the capital market again and from being redistributed according to projections for future profitability.

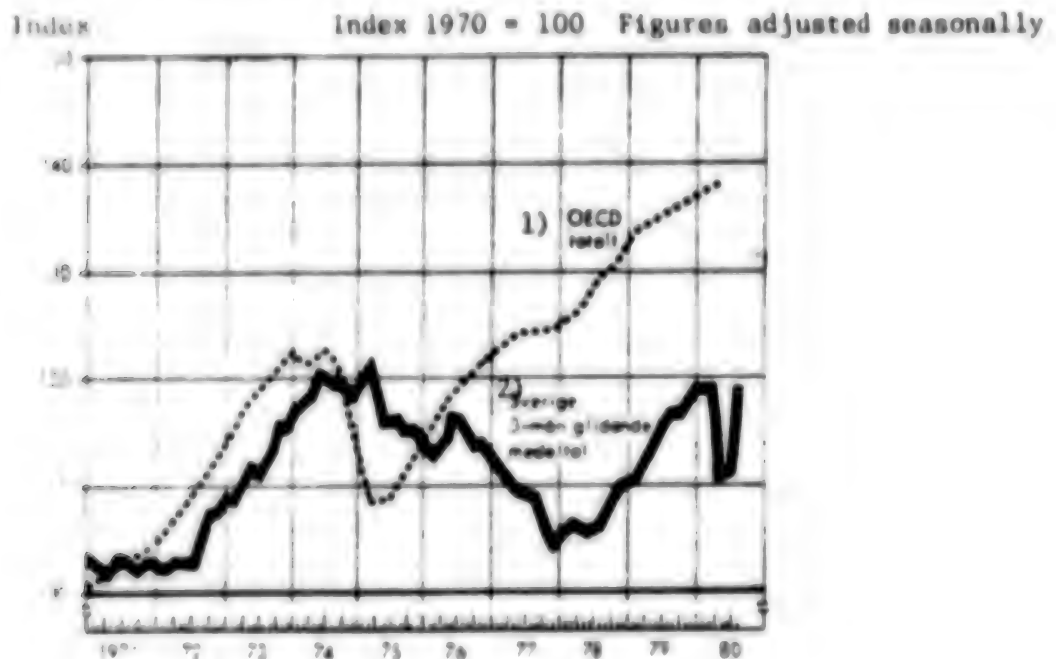
The Council outlines three different strategies for an economic policy which would reinstate a balance of payments vis a vis other countries by 1990--strategies with

approximately the same kind of planning as the main calculations of the long-term plans. We have to expand the industrial sector (which is 10 percent short), lower the relative level of costs for the industry, reduce the rate of increase on private and public consumption, give priority to the industry in the labor market, et cetera.

The actual obstacles for such an economic policy are probably not so much economic as political. There is certainly no necessary economic size for the industrial sector, for instance. We can basically reach a balance in terms of payments at a number of different levels of increase and at a number of combinations of material standard and production. But all the mechanisms that regulate wages and political decisions seem to have been formed after stable growth, and expectations for continued growth, during the last twenty-five to thirty years. A slow change over to a balanced economy at zero rate of growth in material consumption might produce conflicts about distribution which could only be "solved" through growing inflation.

Perhaps the only way of quickly breaking this spiral of inflation and expectations is a price and wage freeze implemented for a year or so. Economically this is the most effective method. It might become viable politically, if, for reasons of distribution, it is combined with a more stringent tax on capital and a freeze on dividends.

Industrial Production 1970 - 80



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1. OECD average

2. Sweden - three-month-sliding-average

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CSO: 3109

WORK HOURS VOLUNTARILY CUT

Stockholm DAGENS NYHETER in Swedish 9 Dec 80 p 31

[Text] Times are getting difficult even when it comes to the jobs in stores. Sales are down in many areas and store owners are cutting back on their staffs. In small and medium-sized stores sales persons cut their work hours voluntarily so no one will have to be fired from their job.

The Goteborg area can show many examples of this, according to what DAGENS NYHETER has found out from the sales persons' union in Goteborg.

"It is most likely that voluntarily reductions of work hours will be done in other parts of the country too," says a representative, Lennart Nyberg.

The union does not like this development. They think it is better that one person loses his job, when all other solutions have been examined, than for a number of employees to have to go on partial unemployment due to a cut in work hours. Then more efficient measures can be taken to create another job.

"But when we point to this, we sometimes are informed that the employees already have made up their minds," says Nyberg. "They are loyal to each other, so that nobody runs the risk of being fired."

While a number of permanent jobs might be in danger of being cut back it is expected that fewer extras will be hired by department stores and shops this Christmas season than during other years.

Usually tens of thousands of people can work extra in stores in connection with the Christmas season. These jobs go mainly to women and young people.

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CSO: 3109

SECURITY POLICE INVESTIGATE PALESTINIAN GROUP IN UPPSALA

Stockholm EXPRESSEN in Swedish 18 Dec 80 p 16

[Report by Leif Brännström and Sune Olofson]

[text] A hundred or so Palestinians in Uppsala are divided into cells run by the terrorist organization PFLP [Popular Front for the Liberation of Palestine]-GC [expansion unknown].

Sabotage and illegal intelligence work against the state of Israel have been planned at cell meetings.

SÄPO [the Security Police] has seized the minutes of cell meetings.

EXPRESSEN can now reveal new information on the growing terrorist affair in Uppsala.

A 40-year-old Palestinian is pointed out as the leader of the PFLP-GC branch in Uppsala. He works as a cook's helper at a restaurant.

The Palestinian was politically trained in the Soviet Union.

During the last two years he has built up a secret organization in Sweden. The activity is directed from PFLP-GC headquarters in Beirut.

A hundred or so Palestinians in Uppsala are now objects of SÄPO attention. Several of them have served as couriers to Palestinian agencies in the Middle East.

Sources inside SÄPO say that in the last few years Sweden has become a neutral base for Palestinian terrorist groups. It is here that the armed Palestinian liberation fight is planned and studied.

Secret Meeting Places

A number of the Palestinians now involved in Uppsala are members of the Palestinian People's Union, which holds its meetings at the Swedish Missionary Union's youth center on the Linnégata.

As a result of SÄPO's investigative work and mapping of the terrorist group in Uppsala, the government is planning to deport 13 Palestinians. One of them has already managed to flee from the country.

Large numbers of the Palestinians now in question live in Gottsunda. The work is organized in cells with 8 to 10 persons in each cell. The division into cells fits a classic pattern of the organization of resistance movements.

Only the members of the same cell are acquainted with each other's assignments. The activity is so secret that not even the cell members' own families know what is being planned.

EXPRESSEN learns from a highly reliable source that the activity has gone to the length of the Palestinians' preparing for sabotage and illegal intelligence work.

The activity is directed against the state of Israel, according to EXPRESSEN's source.

Plot to Kill King Khalid

SÄPO made its first real contact with the group in the summer of 1980. At that time a 36-year-old man was seized, born in Palestine but now a Swedish citizen, and also his 20-year-old Swedish fiancée.

The police acted quickly.

The raid was carried out in the couple's residence in Uppsala.

Seized documents and sketches showed that there were advanced plans to murder King Khalid of Saudi-Arabia and for an attack on an El Al crew in Copenhagen.

After the revelation SÄPO continued to map the organization's activity. A SÄPO report that is stamped "SECRET" and is now in the hands of the government shows, among other things, that:

PFLP-CC's activities in Uppsala have not come to a stop.

The cells' missions include, in anticipation of directives from Beirut, planning and possibly carrying out terrorist actions against Israeli interests in Europe.

Ficklish for the Government

The deportation is a difficult decision for the government. The matter is extremely sensitive politically. Strictest secrecy is imposed upon the Palestinians' advocates.

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BRIEFS

CONFIDENCE IN ECONOMY LAGS--Sweden's economy will get worse during the coming year. This was the firm conviction of 67.5 percent of the Swedes who participated in a poll done by the Central Bureau of Statistics in October this year. This is the highest figure reported during all the time that this continuing poll of Swedish households and their purchasing plans has been in existence. It started in 1973 and is now at its 29th report. Only 2 percent of the 6,600 households that have been polled believe that Sweden's economy will improve in the 12 months ahead. This is the lowest figure ever. Sixty percent believed that unemployment would increase. The last poll was taken during July of this year and then only 34 percent believed so. During October's polls fewer persons were optimistic about the outlook for unemployment. Five and a half percent thought that it would decrease then, while as many as 11 percent of those polled in July thought so. [Text] [Stockholm DAGENS NYHETER in Swedish 12 Dec 80 p 17] 8901

CSO: 3109

IRA THREATENS MORE TERRORIST ATTACKS FOLLOWING UXBRIDGE RAF STATION EXPLOSION

Military Bases on Alert

London THE DAILY TELEGRAPH in English 10 Jan 81 pp 1, 32

[Article by Paul Potts]

[Text]

PLANS to protect dozens of vulnerable military and civil installations were put into effect yesterday as the Provisional IRA threatened that more terrorist attacks would follow Thursday's bomb explosion at Uxbridge R A F station.

The IRA boasted that it was responsible for the Uxbridge attack, explosions at a Hammersmith Territorial Army headquarters and a London gas works as well as the attempt to murder Mr Christopher Tugendhat, the senior British E E C Commissioner.

The IRA claimed the attacks were "only a taste of what is to come," and Scotland Yard said the bombings were the work of the same IRA gang living in or near London.

Commander Peter Duffy, head of Scotland Yard's anti-terrorist branch, added: "I'm afraid they may have substantial supplies of explosives left."

As police experts sifted the debris left by the explosion in a barrack block at Uxbridge it became clear that tragedy had been averted by minutes.

A bomb, designed to cause maximum casualties and destruction, exploded at 5.46 p.m. in an alcove in the block which would have been the centre of tea-time activity had the alarm not been raised by a 17 year old trainee RAF musician.

The vigilance of the bandman, Roger Clarkson, gave 50 fellow Servicemen seven minutes to evacuate the three-storey block before the bomb exploded. It also gave

him and five others time to remove the plastic containers of petrol which had been packed around the bomb and so prevent a fireball engulfing the building.

When he spotted the bomb he ran to the guard room and alerted 51-year-old Warrant Officer John Carstairs who said yesterday: "The first thing I thought was 'There goes my tea.' Then I put the normal bomb alert into action."

Mr Carstairs, a father of three, then dashed to the block with Constable Roy Barnes, 40, of the Ministry of Defence police.

Mr Carstairs added: "I was immediately suspicious on seeing what it was. There was a smell of petrol. Having spent time in Aden and Northern Ireland, it was enough. I knew the layout."

'Courageous people'

The men were joined by three airmen Peter Udderhill, Robert McArthur and Martin Owen. They dragged the petrol containers away from the bomb and ensured that all the 35 trainee musicians and a dozen other people in the block were evacuated.

Constable Barnes said: "We had no intention of moving the satchel containing the bomb."

"The time was very short between discovering the device, evacuating the building and the device going off."

The station commander, Group Capt. John Barney, said:

"These people who were sensible and courageous enough to remove the petrol deserve the highest praise."

Although the Ministry of Defence declined to discuss arrangements at military establishments, depots like Uxbridge are difficult to make fully secure.

With a three-mile perimeter and a public right-of-way through the camp, the Uxbridge R.A.F. station depends on individual vigilance and this time it paid off. But security officials are anxious to reduce this element of luck, particularly at establishments which could be regarded as "soft targets."

It is recognised that constraints on manpower and finances make this difficult.

Group Captain Barney said: "We rely heavily on people seeing suspicious packages, reporting those suspicions, and taking action immediately. It is impossible to guard all of the perimeter."

The busy administrative and ceremonial base employs 1,000 people and has 600 married quarters. Thousands of people come and go regularly.

It is thought there are five Ministry of Defence police officers on duty at the station and their efforts are supplemented by airmen.

An R.A.F. spokesman said: "We would not wish to discuss in general our security arrangements but because of the aware-

ness of the men and the arrangements made at the base we managed to detect this device in time. We would regard it as a successful security operation and it vindicated the system."

"In an ideal world one would like to have everything 100 per cent, but one has to be realistic about these things."

The spokesman added: "There are a number of other bases in similar circumstances to Uxbridge."

Mr Brynmor John, Labour's Defence spokesman, said he was "disturbed" at the apparent ease with which I.R.A. members had planted the bomb.

While paying tribute to the men who prevented a worse explosion, Mr John said he would tackle Mr Nott, the new Defence Secretary, on the issue at the first opportunity after Parliament resumes next week.

He said: "I will be seeking reassurances about the security of military installations, particularly if we are to face months of attacks."

I.R.A. claim

The I.R.A. boosted its responsibility in a statement issued in Dublin by the Irish Republican Publicity Bureau. It said: "The Irish Republican Army claims responsibility for the bomb attacks on Hammersmith Territorial barracks in

London on Dec. 2, and for the gasworks explosions at Bromley-by-Bow on Dec. 31.

"The Irish Republican Army also claims responsibility for the shooting attack on Christopher Tugendhat on Dec. 3 in Brussels and for the bomb attack on Uxbridge Barracks on Jan. 8, 1981.

"We have a message for the British Government who rule our country against the will of the Irish people. You are only getting a taste of what is to come, for while your soldiers occupy Ireland we are prepared to bring to the attention of the world, and to exact from you, both in England and Ireland and beyond, a cost which in the end will prove too expensive."

The statement was signed: "P. O'Neill, Irish Republican Publicity Bureau, Dublin."

Although the Provisionals ordered a Christmas ceasefire after the collapse of the Maze hunger strikes it affected only Northern Ireland.

One theory is that the I.R.A. leadership, shaken and uncertain after the end of the hunger strike, had to act quickly to bolster support while preparing long-term plans.

The growing success of the security forces on both sides of the Irish border has made it increasingly difficult to keep up a terrorist campaign in Ulster, but mainland Britain offers targets in a less security-conscious atmosphere.

I.R.A. Gang in London

London THE DAILY TELEGRAPH in English 10 Jan 81 pp 1, 32

[Article by T. A. Sandrock]

[Text]

AN I.R.A. gang, with a substantial supply of explosives, is living in or near London, Commander Scotland Yard's Anti-Terrorist branch, said yesterday.

The gang was responsible for the bomb in the R.A.F. depot at Uxbridge and also for the bombing of gasworks at Bromley-by-Bow, and a Territorial drill hall in Hammersmith last month.

Commander P. Duffy said police were satisfied that all three bombs had the "same author" and it was believed

the gang had adequate supplies of explosives to continue their bombing campaign.

Although the three bombs concerned had not been placed in central London, it should not be assumed that the gang was looking for soft targets. "Had the petrol ignited at Uxbridge, when the bomb exploded on Thursday, there would have been a real disaster," Commander Duffy said.

Appeal for witnesses

Yesterday he made a number of appeals, the main one for any witnesses who saw three men in a white or light

coloured Ford Cortina Mark III which was reported outside the main entrance to the block at Uxbridge attacked by the bombers. There were no descriptions of the three men but it was believed they could be members of the I.R.A. gang.

"Civilian employees at the base saw the car and the three men by the main entrance to Suvia Block, the building attacked, at 5.10 p.m. on Thursday. If the men in this car were not involved, we urge them to come forward."

It was about this time, or soon after, police estimate, that the bomb, probably containing between three and five pounds

of explosive, was placed inside the barrack block doors, along with the three five-gallon plastic barrels containing petrol.

The barrel taps had been opened and petrol was flowing from them when an airman discovered them at about 5.30 p.m.

Three three beer barrels are of a type used for home-made beer. Two were "HB Home Brews" holding 5½ gallons each and described as pressure barrels. They cost about £11.20 each. The other was a darker barrel slightly taller and marked "Sparklets Brew-croft" which held five gallons.

All three barrels had plastic taps at the base, the "two home brews" had white handles and filler caps at the top but the "Sparklets" had a black filler cap.

Commander Duffy appealed for any information from any shop or person who had sold three such plastic barrels to one or more Irishmen and to any garage or petrol filling station which may know of such barrels being filled with petrol by one or more men.

He also said it was possible someone in London might have seen a Ford Cortina Mark III similar to the one being sought which contained three or four men and which may have been carrying plastic barrels of the type described. If anyone had any such information, the police wanted to know urgently.

Supply of explosives

Although he would not go into details concerning the three bombings, he said it was clear they were linked.

"There must be an active service unit living in or near London. They have to come and go, get into cars and drive away, or carry things in and out. It is clear that they have a substantial supply of explosives."

Commander Duffy said the members of the gang could be living in rooms or flats. They need not be together. There would probably be three or four men although there might also be one or two women involved.

All were likely to be Irish and anyone who rented accommodation who could link any of the information about the people, plastic barrels, car, or Irish people, was asked to get in touch with police at once.

"I emphasise that any information will be treated with strict confidentiality," Commander Duffy said.

Considerable size

Answering questions, he said it would take time to examine the debris of the bombs involved, but that the one which exploded at Uxbridge was "of considerable size."

He could not comment on whether groups, such as the IRA "Second Battalion" had "moved into England." But had this happened, police would have expected upwards of half-a-dozen gangs to have arrived, and the three bombings so far suggested only one was involved.

Each of the bombs, including the Uxbridge one, "could have been set up in minutes," Commander Duffy said.

He made it clear that he believed the gang was dangerous and its activities so far showed its determination to continue the bombings. Both the Territorial drill hall bomb on Dec. 2 and Thursday night's bomb at Uxbridge could both have resulted in serious casualties.

Brixton escape

Asked whether he thought Gerald Tuite, the IRA man who escaped from Brixton in December while awaiting trial on terrorist charges, was behind the bombings, Commander Duffy pointed out that the Hammersmith bomb exploded before Tuite got away.

"I have not said Tuite is behind these bombings." The search for him was still, however, being actively pursued.

He explained that the public should continue to be vigilant and report immediately any suspect packages, parcels or letters. They should not try to open such items themselves.

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